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Email: info@micromedia.on.ca

Public Accounts

VOLUME 1 – FINANCIAL STATEMENTS

Province of Nova Scotia

for the Fiscal Year Ended March 31, 2000

Printed by Order of the Legislature

Halifax, Nova Scotia, 2000

To Her Honour,

The Honourable Myra A. Freeman

Lieutenant Governor of Nova Scotia

May It Please Your Honour -

The undersigned has the honour to submit the Public Accounts of the Province of Nova Scotia for the fiscal year ended March 31, 2000.

Neil J. LeBlanc
Minister of Finance

Office of the Minister
Halifax, Nova Scotia

The Honourable Neil J. LeBlanc
Minister of Finance
Halifax, Nova Scotia

Sir:

In accordance with Section 9(1) of the Provincial Finance Act, I have the Honour to submit the Public Accounts of the Province of Nova Scotia for the Fiscal year ended March 31, 2000.

Respectfully submitted,

William Hogg

W. D. Hogg, CA
Deputy Minister of Finance

Office of the Deputy Minister
Halifax, Nova Scotia

Province of Nova Scotia

Table of Contents
Public Accounts - Volume 1
for the fiscal year ended March 31, 2000

Consolidated Financial Statements

Statement of Responsibility 8
Auditor's Report 9
Statement 1 - Consolidated Statement of Financial Position 10
Statement 2 - Consolidated Statement of Operations 11
Statement 3 - Consolidated Statement of Net Direct Debt 12
Statement 4 - Consolidated Statement of Cash Flow 13
Statement 5 - Consolidated Statement of Tangible Capital Assets 14
Schedule 1 - Revenue 15
Schedule 2 - Expenses 16
Schedule 3 - Loans and Investments 18
Schedule 4 - Unmatured Debt 21
Schedule 5 - Gross Long-Term Debt 23
Schedule 6 - Direct Guarantees 25
Schedule 7 - Government Business Enterprises 26
Schedule 8 - Reporting Entity 29
Notes to the Consolidated Financial Statements 30

Financial Highlights

Message from the Minister 47
Selected Financial Highlights 49
Revenues - Consolidated Fund 52
Program Spending - Consolidated Fund 55
Debt Review 60
Economic Information 64

Province of Nova Scotia

Statement of Responsibility for the Consolidated Financial Statements of the Province of Nova Scotia

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Nova Scotia rests with the Government. These financial statements are prepared by the Controller in accordance with the Government's stated accounting policies.

The stated accounting policies reflect the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

The Consolidated Financial Statements include a Statement of Financial Position, a Statement of Operations, a Statement of Net Direct Debt, a Statement of Cash Flow and a Statement of Tangible Capital Assets. Together, they present fairly, in all material respects, the financial position and the results of operations for the year then ended.

The Government maintains a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets safeguarded and financial records properly maintained.

The Auditor General of Nova Scotia provides an independent opinion on the Consolidated Financial Statements prepared by the Government.

101-02075/

NOVA SCOTIA Office of the
Auditor General

AUDITOR'S REPORT

*To the Members of the Legislative
Assembly of Nova Scotia*

I have audited the consolidated statements of financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2000 and the consolidated statements of operations, net direct debt and cash flow for the year then ended. These statements are the responsibility of the Government of Nova Scotia, represented by the Minister of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The audited financial statements of Sydney Steel Corporation and the related pension plans for the year ended December 31, 1999 and the final actuarial valuation reports on those pension plans, had not been finalized at the time of my reporting on the Province's March 31, 2000 consolidated financial statements. Since the preliminary versions of this information available during my examination may be changed, I was unable to determine whether adjustments to the net income from government business enterprises or the unusual item reported on the statement of operations might be necessary.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to examine the audited financial statements of Sydney Steel Corporation and the related pension plans for the year ended December 31, 1999 and the final actuarial valuation reports on those pension plans, these consolidated financial statements present fairly, in all material respects, the financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2000 and the results of its operations, changes in net direct debt, and cash flow for the year then ended in accordance with accounting principles generally accepted for the public sector in Canada.

E R Salmon

E. Roy Salmon, FCA
Auditor General

Halifax, Nova Scotia
November 30, 2000

Statement 1

Consolidated Statement of Financial Position

as at March 31, 2000

($ thousands)

	2000	*1999* *(as restated)*
Assets		
Cash and Short-Term Investments (Note 5)	$ 445,377	$ 270,009
Accounts Receivable and Advances	1,021,172	1,099,775
Inventory	1,080	—
Loans and Investments (Schedule 3)	994,096	963,492
Unamortized Foreign Exchange Translation Losses and Discounts	520,834	684,207
	$ 2,982,559	**$ 3,017,483**
Liabilities		
Bank Advances and Short-Term Borrowings	$ 738,918	$ 942,001
Accounts Payable and Accrued Liabilities	1,076,790	546,192
Deferred Revenue	31,790	176,560
Accrued Interest	297,625	267,909
Unmatured Debt of Government Service Organizations (Schedule 4)	10,370,374	9,584,118
Pension, Retirement and Other Obligations (Note 7)	1,112,498	1,091,252
Deficiency in Government Business Enterprises (Schedule 7)	574,417	674,110
	$ 14,202,412	**$ 13,302,142**
Net Direct Debt	**(11,219,853)**	**(10,284,659)**
	$ 2,982,559	**$ 3,017,483**
Net Direct Debt represented by:		
Tangible Capital Assets	$ 2,403,259	$ 2,267,850
Accumulated Provincial Deficits	8,816,594	8,016,809
	$ 11,219,853	**$ 10,284,659**
Trust Funds under Administration (Note 8)	**$ 7,334,226**	**$ 6,186,562**

Contingent Liabilities and Commitments (Note 11)
Subsequent Events (Note 12)
Comparative Figures (Note 13)
Year 2000 (Note 15)

The accompanying notes and schedules are an integral part of these Financial Statements.

Statement 2

Consolidated Statement of Operations

for the fiscal year ended March 31, 2000

($ thousands)

	2000	1999 (as restated)
Revenue (Schedule 1)		
Provincial Sources	$ 2,585,920	$ 2,412,900
Federal Sources	1,903,624	1,871,127
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements	9,400	106,769
Other	431,006	359,157
Sinking Fund and Public Debt Retirement Fund Earnings	216,962	218,164
Total Revenue	**5,146,912**	**4,968,117**
Expenses (Schedule 2)		
Agriculture and Marketing	42,263	35,612
Business and Consumer Services	31,538	31,259
Community Services	583,320	566,065
Economic Development	103,097	83,558
Education	1,063,709	1,059,783
Assistance to Universities	197,232	188,487
Environment	44,002	37,707
Finance	9,638	5,109
Fisheries and Aquaculture	8,905	5,870
Health	1,951,879	1,752,068
Housing and Municipal Affairs	78,439	141,394
Human Resources	3,934	3,983
Justice	84,088	80,120
Labour	8,983	10,341
Natural Resources	55,832	53,763
Public Service	79,219	66,811
Tourism and Culture	40,479	—
Transportation and Public Works	236,258	225,742
Restructuring Costs	(54,476)	14,878
Unallocated Recoveries	—	(14,099)
Debt Servicing Costs	1,110,993	1,041,578
Total Expenses	**5,679,332**	**5,390,029**
Deficit from Government Service Organizations, on an Expense Basis	**(532,420)**	**(421,912)**
Net Income from Government Business Enterprises (Schedule 7)	**234,483**	**160,738**
Deficit before Unusual Item, on an Expense Basis	**(297,937)**	**(261,174)**
Unusual Item (Note 3)	**(475,300)**	**—**
Provincial Deficit, on an Expense Basis	**$ (773,237)**	**$ (261,174)**

The accompanying notes and schedules are an integral part of these Financial Statements.

Statement 3

Consolidated Statement of Net Direct Debt

for the fiscal year ended March 31, 2000

($ thousands)

	2000	*1999* *(as restated)*
Net Direct Debt - as Originally Reported	$ 10,284,659	$ 9,290,490
Prior Period Adjustments (Note 4)	—	640,082
Comparative Figures Adjustment (Note 13)	26,548	—
Net Direct Debt - Beginning of Year	10,311,207	9,930,572
Add:		
Provincial Deficit, on an Expense Basis	773,237	261,174
Increase in Net Book Value of Tangible Capital Assets	135,409	92,913
Increase in Net Direct Debt	908,646	354,087
Net Direct Debt - End of Year	$ 11,219,853	$ 10,284,659

The accompanying notes and schedules are an integral part of these Financial Statements.

Statement 4

Consolidated Statement of Cash Flow

for the fiscal year ended March 31, 2000

($ thousands)

	2000	*1999 (as restated)*
Cash Inflows (Outflows) from the Following Activities:		
Operations:		
Provincial Deficit, on an Expense Basis	$ (773,237)	$ (261,174)
Sinking Fund and Public Debt Retirement Fund Earnings	(216,962)	(218,164)
Foreign Exchange Amortization	(8,863)	(131,080)
Amortization of Tangible Capital Assets and Social Housing Adjustment	137,769	125,889
Net Change in Other Non-Cash Items	264,682	(245,808)
	(596,611)	**(730,337)**
Investing:		
Principal Repayment of Loans and Investments	152,863	146,839
Advances and Investing	(183,467)	(260,616)
Acquisition of Tangible Capital Assets	(277,809)	(221,580)
Proceeds from the Disposal of Tangible Capital Assets - Net Book Value	4,631	2,778
Net Income from Government Business Enterprises	(234,483)	(160,738)
Advances from Government Business Enterprises	134,789	261,790
	(403,476)	**(231,527)**
Financing:		
Debentures Issued	1,454,450	1,607,940
Capital Leases	105,832	55,652
Foreign Currency Swaps and Adjustments	80,109	270,323
Sinking Fund Instalments	(219,805)	(170,542)
Proceeds from Sinking Funds for Debt Repayment	214,814	256,636
Repayment of Debentures and Other Long-Term Obligations	(459,945)	(1,590,716)
	1,175,455	**429,293**
Cash Inflow (Outflow)	175,368	(532,571)
Cash Position, Beginning of Year	270,009	802,580
Cash Position, End of Year	**$ 445,377**	**$ 270,009**
Cash Position Represented by:		
Cash and Short-Term Investments	**$ 445,377**	**$ 270,009**

The accompanying notes and schedules are an integral part of these Financial Statements.

Consolidated Statement of Tangible Capital Assets

as at March 31, 2000

($ thousands)

	2000									1999
										(as restated)
	Land	Buildings and Land Improvements	Machinery Computers and Equipment	Ferries	Vehicles	Capital Leases	Roads, Bridges and Highways	Social Housing	Total	Total
Cost of Tangible Capital Assets										
Opening Costs	$ 492,982	$ 1,616,786	$ 472,503	$ 9,241	$ 21,674	$ 99,344	$ 234,031	$ 415,237	$ 3,361,798	$ 3,166,541
Additions	6,241	67,147	56,848	—	4,319	110,496	30,257	2,503	277,809	221,580
Annual Adjustment to Social Housing	—	—	—	—	—	—	—	(7,912)	(7,912)	(6,196)
Disposals	(50)	(511)	(12,187)	—	(406)	(3,508)	—	(3,291)	(19,953)	(20,487)
Closing Costs	**499,173**	**1,683,422**	**517,162**	**9,241**	**25,587**	**206,332**	**264,288**	**406,537**	**3,611,742**	**3,361,438**
Accumulated Amortization										
Opening Accumulated Amortization	—	(674,924)	(298,691)	(7,931)	(11,885)	(17,072)	(83,445)	—	(1,093,948)	(991,876)
Disposals	—	82	11,728		336	3,176	—	—	15,322	17,709
Amortization Expenses	—	(36,488)	(50,555)	(262)	(3,592)	(9,389)	(29,571)	—	(129,857)	(119,693)
Closing Accumulated Amortization	**—**	**(711,330)**	**(337,518)**	**(8,193)**	**(15,141)**	**(23,285)**	**(113,016)**	**—**	**(1,208,483)**	**(1,093,860)**
Net Book Value	**$ 499,173**	**$ 972,092**	**$ 179,644**	**$ 1,048**	**$ 10,446**	**$ 183,047**	**$ 151,272**	**$ 406,537**	**$ 2,403,259**	**$ 2,267,578**
Opening Balance, April 1, 1999	$ 492,982	$ 941,862	$ 173,812	$ 1,310	$ 9,789	$ 82,272	$ 150,586	$ 415,237	$ 2,267,850	$ 2,174,665
Closing Balance, March 31, 2000	499,173	972,092	179,644	1,048	10,446	183,047	151,272	406,537	2,403,259	2,267,578
Increase (Decrease) in Net Book Value	**$ 6,191**	**$ 30,230**	**$ 5,832**	**$ (262)**	**$ 657**	**$ 100,775**	**$ 686**	**$ (8,700)**	**$ 135,409**	**$ 92,913**

Opening costs and opening accumulated amortization include amounts attributed to the addition of College de l'Acadie to detailed consolidation of the Government Reporting Entity, which were not included in fiscal 1998-1999.

Amortization is calculated on a declining-balance basis or on a straight-line basis. The estimated useful lives and amortization percentages of the more common tangible capital assets are: buildings and land improvements (3-50 years, 2.5-5%); machinery, computers & equipment (3-20 years, 20-50%); ferries (20%); vehicles (3 years, 33.3%); and roads, bridges and highways (5-30%). Capital leases are amortized on a straight-line basis, 3-20 years or over the length of the relevant lease.

Social Housing Assets relate to the Housing Development Corporation and Housing Development Fund. These entities do not track accumulated amortization separately. Thus the closing cost of these assets is the net carrying value of the assets. Social Housing assets are amortized using the sinking fund method.

Included in the closing costs of the various classes as of March 31, 2000, are costs for assets under construction which have not started to be amortized. These costs ($ thousands) are buildings - $78,204; equipment - $509; capital leases - $23,228; and roads, bridges and highways - $6,934.

Revenue

for the fiscal year ended March 31, 2000

($ thousands)

	2000	*1999* *(as restated)*
Provincial Sources		
Income Taxes	$ 1,294,250	$ 1,111,561
Sales Taxes	1,073,360	1,047,255
Other Provincial Revenue	218,310	254,084
	2,585,920	**2,412,900**
Federal Sources		
Equalization Payments	1,279,610	1,260,683
Equalization Offshore Revenue Offset	2,110	1,539
Canada Health and Social Transfer	527,920	426,874
Other Federal Payments	41,284	104,331
Federal Compensation for Harmonization	52,700	77,700
	1,903,624	**1,871,127**
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements	**9,400**	**106,769**
Other Revenue	**431,006**	**359,157**
Sinking Fund and Public Debt Retirement Fund Earnings	**216,962**	**218,164**
Total Revenue	**$ 5,146,912**	**$ 4,968,117**

Expenses

for the fiscal year ended March 31, 2000

($ thousands)

	2000	1999 *(as restated)*
Agriculture and Marketing	**$ 42,283**	**$ 35,612**
Business and Consumer Services	**31,538**	**31,259**
Community Services	**583,320**	**566,065**
Economic Development		
Department of Economic Development	80,432	70,284
Nova Scotia Film Development Corporation	3,439	3,357
Nova Scotia Innovation Corporation	8,165	8,223
Trade Centre Limited	9,367	6,815
Waterfront Development Corporation	1,694	(5,121)
	103,097	**83,558**
Education		
Department of Education	158,998	160,884
Annapolis Valley Regional School Board	90,418	88,791
Cape Breton Victoria Regional School Board	110,826	115,677
Chignecto-Central Regional School Board	131,785	133,254
Collège de l'Acadie	4,469	—
Conseil Scolaire Acadien Provincial	26,497	26,468
Halifax Regional School Board	289,578	295,031
Nova Scotia Community College	94,597	81,139
Southwest Regional School Board	95,401	95,232
Strait Regional School Board	61,140	63,307
	1,063,709	**1,059,783**
Assistance to Universities	**197,232**	**188,487**
Environment		
Department of Environment	15,393	15,493
Resource Recovery Fund Board Incorporated	28,609	22,214
	44,002	**37,707**
Finance	**9,838**	**5,109**
Fisheries and Aquaculture	**8,905**	**5,870**

Expenses

for the fiscal year ended March 31, 2000
(continued)
($ thousands)

	2000	*1999* *(as restated)*
Health		
Department of Health	752,399	631,362
Cape Breton Regional Healthcare Complex	140,516	131,711
Central Regional Health Board	69,012	63,638
Eastern Regional Health Board	58,901	54,892
Insured Prescription Drug Plan	100,863	99,304
IWK-Grace Health Centre	117,420	99,484
Northern Regional Health Board	101,964	91,213
Nova Scotia Hospital	44,434	36,086
Queen Elizabeth II Health Sciences Centre	413,816	407,763
Western Regional Health Board	152,554	136,615
	1,951,879	**1,752,068**
Housing and Municipal Affairs		
Department of Housing and Municipal Affairs	65,641	98,810
Nova Scotia Municipal Finance Corporation	778	2,407
Nova Scotia Housing Development Fund	—	(1,821)
Nova Scotia Housing Development Corporation	12,020	41,998
	78,439	**141,394**
Human Resources	**3,934**	**3,983**
Justice	**84,088**	**80,120**
Labour	**8,983**	**10,341**
Natural Resources	**55,832**	**53,763**
Public Service	**79,219**	**66,811**
Tourism and Culture	**40,479**	**—**
Transportation and Public Works	**236,258**	**225,742**
Restructuring Costs	**(54,476)**	**14,878**
Unallocated Recoveries	**—**	**(14,099)**
Debt Servicing Costs	**1,110,993**	**1,041,578**
Total Expenses	**$ 5,679,332**	**$ 5,390,029**

Loans and Investments

as at March 31, 2000

($ thousands)

	Loans and Investments	*Provisions*	*Net*	
			2000	*1999* *(as restated)*
Loans of the Consolidated Fund:				
Agriculture and Rural Credit Act	$ 160,345	$ (6,779)	$ 153,566	$ 150,515
Business Development Corporation Act	183,556	(31,150)	152,406	144,542
Fisheries Development Act	43,095	(1,014)	42,081	36,898
Housing Development Act	41,781	(7,808)	33,973	34,394
Industrial Development Act	84,911	(45,780)	39,131	39,909
Venture Corporations Act	2,126	(1,671)	455	540
Loans to Municipalities:				
Funds provided by Government of Canada	230	—	230	403
Municipal Hospitals Loan Act	—	—	—	13
Municipal Loan and Building Fund Act	1,650	—	1,650	1,967
Special Reserve Fund - Municipal Loan and Building Fund	10	—	10	29
Miscellaneous	709	—	709	1,069
	518,413	**(94,202)**	**424,211**	**410,279**
Investments of the Consolidated Fund:				
Business Development Corporation Act	22,960	(11,765)	11,195	9,696
Halifax International Containers Limited - Investment of 8,000 Shares of Capital Stock at Par	8	—	8	8
Housing Development Act	9,042	(6,495)	2,547	—
Industrial Development Act	12,607	(7,218)	5,389	4,337
	44,617	**(25,478)**	**19,139**	**14,041**
Loans and Investments of Government Service Organizations:				
IWK-Grace Health Centre	1,987	—	1,987	2,175
Insured Prescription Drug Plan	9,287	—	9,287	—
Nova Scotia Innovation Corporation	13,957	—	13,957	13,530
Nova Scotia Municipal Finance Corporation	524,199	—	524,199	520,268
Other Government Service Organizations	1,316	—	1,316	3,199
	550,746	**—**	**550,746**	**539,172**
Total Loans and Investments	**$ 1,113,776**	**$ (119,680)**	**$ 994,096**	**$ 963,492**

Loans and Investments

as at March 31, 2000

(continued)

AGRICULTURE AND RURAL CREDIT ACT

The Nova Scotia Farm Loan Board, a Provincial agency, provides loans to individuals, partnerships and corporations engaged in the farming industry. Loans are provided for the acquisition of real estate, the improvement of existing facilities and are generally secured by agreements of sale between the borrower and the Province. The Farm Loan Board issues loans at a fixed rates, depending on the repayment schedule. As of January 1, 2000, the approved interest rates are: for loans less than 14 years, 7.95%; 15-19 years, 8.15%; and, 20-24 years, 8.25%. The repayment schedules vary between monthly, semi-annual or annual.

BUSINESS DEVELOPMENT CORPORATION ACT

The Nova Scotia Business Development Corporation is an agency of the Province established to encourage business development in the Province and to promote economic growth and employment opportunities by rendering to business, financial and other assistance. Loans are primarily secured by first mortgages and by fixed and floating charges. The average interest rate (incorporating the impact of loans with concessionary assistance) is 6.96% and the term of the loans range from 5 to 20 years.

FISHERIES DEVELOPMENT ACT

The Province provides loans for the construction or purchase of vessels, machinery and other onboard fishing equipment. Loans are made to individuals, partnerships and corporations and are generally secured by first marine mortgages. Fisheries loans bear interest at prevailing market rates repayable on a seasonal repayment schedule.

HOUSING DEVELOPMENT ACT

The Housing Development Act enables the Nova Scotia Department of Housing and Municipal Affairs to provide subsidized mortgage loans for home ownership, and low interest loans for home repair or rehabilitation to low to moderate income households in Nova Scotia. Interest rates on the loans range from 6.5% to 13.05%. Effective April 1, 1999, pursuant to Bill #35, the Nova Scotia Housing Development Corporation took over the assets, liabilities and activities of the Nova Scotia Housing Development Fund. The Corporation administers the capital housing programs and recovers some of the costs from federal funding under the Social Housing Transfer Agreement. Other costs are recovered from the Municipalities. The Housing Act also enables the Corporation to construct public housing projects, and to develop and service land for resale. The Corporation continues to administer the existing programs even though there are no plans to develop new land or construct new housing projects.

INDUSTRIAL DEVELOPMENT ACT

The Province provides financial assistance to industries engaged in manufacturing and processing activities or natural resource extraction. Loans are primarily secured by first mortgages and by fixed and floating charge debentures. The average interest rate (incorporating the impact of loans with concessionary assistance) is 2.07% and the term of the loans range from 5 to 20 years.

VENTURE CORPORATIONS ACT

The Province provides a source of equity capital to registered Venture Corporations to encourage the development of small businesses in Nova Scotia. The Venture Corporations in turn provide assistance in the development of small enterprises by providing equity capital, business and managerial expertise.

Loans and Investments

as at March 31, 2000

(continued)

LOANS TO MUNICIPALITIES - FUNDS PROVIDED by the GOVERNMENT of CANADA

Loans were provided by the Government of Canada for municipal capital projects. The Province loaned these funds to municipalities under similar terms and conditions. Loans are for terms of 20 years and are evidenced by debentures covering principal and interest.

MUNICIPAL LOAN AND BUILDING FUND ACT

Provincial loans to municipalities are for water and sewer systems, schools and municipal buildings. Loans are secured by municipal debentures.

MUNICIPAL FINANCE CORPORATION

The Corporation's purpose is to provide financing for the capital requirements of municipalities, school boards and hospitals by issuing its securities and re-lending the funds for these purposes. All municipalities and school boards must finance, and hospitals may finance, their capital requirements through the Corporation, except for capital projects funded directly by the Province of Nova Scotia, interim financing, and certain projects for which funds may be borrowed from the Government of Canada, the Province or other municipalities within the province. The Corporation utilizes the provincial guarantee and debt pooling techniques to meet clients' approved funding requirements at lower costs. Interest rates range from 1.0% to 13.375% with loan terms of up to 20 years.

Unmatured Debt

as at March 31, 2000

($ thousands)

	2000			1999
	Gross Debt	*Sinking Funds Public Debt Retirement Fund and Defeasance Assets*	*Net Debt*	*Net Debt*
Government Service Organizations				
Consolidated Fund	$ 12,645,848	$ 2,939,910	$ 9,705,938	$ 8,789,172
Northern Regional Health Board	685	—	685	1,711
Nova Scotia Housing Development Corporation	345,171	—	345,171	320,916
Nova Scotia Housing Development Fund	—	—	—	34,640
Nova Scotia Municipal Finance Corporation	303,768	—	303,768	418,832
Nova Scotia Power Finance Corporation	1,461,050	1,461,050	—	—
Waterfront Development Corporation Limited	12,600	—	12,600	13,600
Western Regional Health Board	1,023	—	1,023	4,000
Other	1,189	—	1,189	1,247
Unmatured Debt of Government Service Organizations	14,771,334	4,400,960	10,370,374	9,584,118
Government Business Enterprises				
Halifax-Dartmouth Bridge Commission	123,000	—	123,000	119,000
Highway 104 Western Alignment Corporation	78,734	—	78,734	80,649
Nova Scotia Liquor Commission	8,848	—	8,848	9,127
Debt of Government Business Enterprises	210,582	—	210,582	208,776
Total Unmatured Debt	$ 14,981,916	$ 4,400,960	$ 10,580,956	$ 9,792,894

Notes:

All debt is presented in Canadian dollar equivalents and after giving effect to currency swap contracts itemized in Note 6.

The current and long-term portions of unmatured debt of Government Service Organizations are shown on the Consolidated Statement of Financial Position with reference to this schedule. Debt of Government Business Enterprises is reflected in the Deficiency in Government Business Enterprises. Unmatured debt of Government Business Enterprises is included in Schedule 7.

This Schedule excludes short-term borrowings, such as those of Nova Scotia Resources Limited in the amount of $713.8 million.

Unmatured Debt

as at March 31, 2000
(continued)
($ thousands)

As of March 31, 2000, the Consolidated Fund held Sinking Funds of $1,996.0 million and Public Debt Retirement Funds of $944.0 million for a total of $2,940.0 million. Sinking Funds were comprised of $1,404.0 million Canadian assets and $592.0 million (US$ 407.1 million) US assets. Public Debt Retirement Funds were comprised of $590.0 million Canadian assets and $354.0 million (US$ 243.8 million) US assets. Total market value of both funds is $2,921.0 million at year end. During the year, contributions were $230.5 million, total earnings were $183.0 million (including a foreign currency translation adjustment of $34.0 million), and redemptions were $214.8 million.

Assets consist primarily of debentures of the Provinces and Government of Canada with fixed interest rates ranging from 4.25% to 15.75% for Canadian funds and 5.25% to 13.5% for US funds. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over a 20 year period unless the term of the issue is longer. At year end, the Province held $1,008.0 million worth of its own debentures which have a gross value of $973.6 million.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Governments and utilities, Federal US bonds, coupons or residuals. The debt is shown net of defeasance assets on the Statement of Financial Position.

The following table outlines net debt refinancing for the Province over the next five years:

	Government Service Organizations			*Government*	
	Principal Repayment	*Sinking Fund Requirements*	*Net Debt Refinancing*	*Business Enterprises*	*Total*
2001	$ 1,267,821	$ 267,845	$ 999,976	$ 6,536	$ 1,006,512
2002	927,324	254,607	672,717	7,262	679,979
2003	1,189,120	266,580	922,540	7,342	929,882
2004	928,459	266,068	662,391	7,434	669,825
2005	1,122,416	259,563	862,853	7,533	870,386
	$ 5,435,140	**$ 1,314,663**	**$ 4,120,477**	**$ 36,107**	**$ 4,156,584**

Gross Long-Term Debt
as at March 31, 2000
($ thousands)

	Foreign Exchange Rate	*Cdn $ Amount*	*Maturity Dates*	*Interest Rates*
Government Service Organizations:				
		Debentures		
Consolidated Fund				
Consolidated Fund (CDN)		$ 7,724,485	2000 to 2027	5.1% to 15.43%
Consolidated Fund (US $2,645,728)	1.4535	3,845,567	2000 to 2022	7.25% to 9.5%
Consolidated Fund (SF 106,500)	0.8743	93,113	2000	7.0%
Consolidated Fund (UK £35)	2.3143	81	2011 to 2019	11.75% to 16.75%
Consolidated Fund (Yen 55,600,000)	0.0142	787,296	2000 to 2014	4.9% to 7.7%
Municipal Finance Corporation		303,768	2000 to 2015	1.0% to 13.375%
Nova Scotia Power Finance Corporation				
Nova Scotia Power Finance Corporation (CDN)		1,025,000	2002 to 2031	10.25% to 13.5%
Nova Scotia Power Finance Corporation (US $300,000)	1.4535	436,050	2021	9.4%
Total - Debentures		14,215,360		
		Loans		
Consolidated Fund - Government of Canada		427	2000 to 2002	7.161% to 8.5%
Consolidated Fund - Courthouse Debt		900	2011	8.375%
Consolidated Fund - Hospital and Public School Debt		973		
Cape Breton Regional Healthcare Complex		198	2001	
Housing Development Corporation		345,171	2000 to 2034	4.0% to 21.5%
Waterfront Development Corporation		12,600	Demand Loan	bank prime less 1.0%
Western Regional Health Board		6	2000	non interest bearing
Total - Loans		360,275		
		Capital Leases		
Consolidated Fund		193,006	2019 to 2020	6.04% to 11.0%
Other		2,693	2000 to 2006	6.75% to 12.5%
Total - Capital Leases		195,699		
Total Long-Term Debt of Government Service Organizations		**14,771,334**		

Gross Long-Term Debt

as at March 31, 2000
(continued)
($ thousands)

	Cdn $ Amount	***Maturity Dates***	***Interest Rates***
Government Business Enterprises:			
	Debentures		
Halifax-Dartmouth Bridge Commission	100,000	2007	5.95%
Highway 104 Western Alignment Corporation	78,734	2011 to 2026	10.13% to 13.4%
Total - Debentures	178,734		
	Loans		
Halifax-Dartmouth Bridge Commission	23,000	2007	floating (line of credit)
	Capital Leases		
Nova Scotia Liquor Commission	8,848	2011	13.8%
Total Long-Term Debt of Government Business Enterprises	210,582		
Total Gross Long-Term Debt	$ 14,981,916		

Call or Redemption Features:

Consolidated Fund

$1,173.0 million CPP debentures redeemable in whole or in part before maturity, on six months notice, at the option of the Minister of Finance of Canada.

Issue 9D, US $250.0 million, is redeemable on November 15, 2001 at the option of the bondholder.

Nova Scotia Power Finance Corporation

$325.0 million of the Canadian debentures are callable issues. Under the terms of the privatization agreement, all options must be exercised. The range of call dates is 2000 to 2002.

Direct Guarantees

as at March 31, 2000

($ thousands)

	Authorized	Utilized	
	2000	2000	1999 (as restated)
Bank Loans:			
Industrial Development Act	$ 147,150	$ 40,767	$ 15,700
Nova Scotia Business Development Corporation	10,875	9,871	10,870
Nova Scotia Fisheries and Aquaculture Loan Board	3,772	3,235	3,529
Nova Scotia Innovation Corporation	—	—	150
Sydney Steel Corporation	—	—	109,781
Total - Bank Loan Guarantees	**161,797**	**53,873**	**140,030**
Promissory Notes:			
Nova Scotia Resources Limited (US $241,761,276)	363,375	351,400	—
Nova Scotia Resources Limited (US $240,252,844)	—	—	362,590
Nova Scotia Resources Limited to Canada-Nova Scotia Offshore Petroleum Board	17,500	17,500	17,500
Total - Promissory Note Guarantees	**380,875**	**368,900**	**380,090**
Mortgages:			
Nova Scotia Housing Development Corporation Act	204,760	204,760	212,997
Provincial Finance Act	660	660	781
Total - Mortgage Guarantees	**205,420**	**205,420**	**213,778**
Other Guarantees:			
Performance Bonds	9,568	9,568	2,835
Nova Scotia Resources Limited Site Abandonment Costs	40,000	—	—
Nova Scotia Resources Limited Service Contracts	212,351	212,351	117,000
Total - Other Guarantees	**261,919**	**221,919**	**119,835**
Total - Direct Guarantees	**$ 1,010,011**	**850,112**	**853,733**
Less: Provision for Guarantee Payout:			
Industrial Development Act		(3,349)	(50)
Nova Scotia Business Development Corporation		(3,434)	(2,461)
Nova Scotia Housing Development Act		(9,352)	(8,100)
Nova Scotia Resources Limited		(368,900)	(380,090)
Sydney Steel Corporation		—	(109,781)
		(385,035)	**(500,482)**
Net Direct Guarantees Not Provided for in these Statements		**$ 465,077**	**$ 353,251**

Government Business Enterprises

as at March 31, 2000

($ thousands)

	2000								1999
	Halifax-Dartmouth Bridge Commission	*Highway 104 Western Alignment Corporation*	*Nova Scotia Gaming Corporation*	*Nova Scotia Liquor Commission*	*Nova Scotia Resources Limited*	*Sydney Steel Corporation*	*Sydney Steel Corporation Adjustments*	*Total*	*Total*
Cash	$ 398	$ 356	$ 12,140	$ 2,001	$ 5,303	$ 13	$ —	$ 20,211	$ 28,092
Accounts Receivable	933	597	4,339	2,514	6,532	9,538	—	24,453	35,495
Inventory	159	27	—	16,477	—	53,887	—	70,550	54,174
Fixed Assets	80,537	119,663	134	16,472	182,555	25,335	—	424,696	333,799
Other Assets	11,116	9,040	3	2,478	—	1,657	—	24,294	26,344
Total - Assets	93,143	129,683	16,616	39,942	194,390	90,430	—	564,204	477,904
Accounts Payable	2,981	851	1,302	31,094	8,288	177,758	(154,748)	67,526	68,573
Long Term Debt	123,000	78,734	—	8,848	—	—	—	210,582	208,776
Other Liabilities	2,294	53,929	15,314	—	748,176	40,800	—	860,513	874,665
Total - Liabilities	128,275	133,514	16,616	39,942	756,464	218,558	(154,748)	1,138,621	1,152,014
Equity (Deficit)	(35,132)	(3,831)	—	—	(562,074)	(128,128)	154,748	(574,417)	(674,110)
Total Liabilities and Equity (Deficit)	$ 93,143	$ 129,683	$ 16,616	$ 39,942	$ 194,390	$ 90,430	$ —	$ 564,204	$ 477,904
Revenue	$ 22,138	$ 11,489	$ 418,415	$ 371,365	$ 34,980	$ 85,865	$ —	$ 944,232	$ 927,402
Expenses	8,693	4,050	260,090	234,938	72,089	113,094	—	692,954	675,229
Debt Servicing Costs	7,061	8,205	3,957	1,257	(10,945)	7,260	—	16,795	91,435
Total - Liabilities	15,754	12,255	264,047	236,195	61,144	120,354	—	709,749	766,664
Net Income/(Loss)	$ 6,384	$ (766)	$ 154,368	$ 135,170	$ (26,164)	$ (34,489)	$ —	$ 234,483	$ 160,738

Government Business Enterprises

as at March 31, 2000

(continued)

THE HALIFAX-DARTMOUTH BRIDGE COMMISSION

The Commission is incorporated by Special Statue of the Province of Nova Scotia. The purpose of the Commission is to construct, maintain and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm. Bridge tolls are regulated by the Nova Scotia Utility Review Board, a provincially controlled public sector entity. The Commission's fiscal year end is December 31. At March 31, 2000, the Commission owed $23.0 million to the Province's Consolidated Fund for a revolving line of credit. The Commission records depreciation on bridge assets using the straight line method and uses the declining balance method for all other assets. Included in other assets is a reserve fund in the amount of $4.3 million which is restricted in use until 2007 and was established under the terms of the trust indenture.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

The Corporation has been established to finance, design, construct, operate and maintain a 45 km stretch of highway between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia. The Province of Nova Scotia retains ownership of the highway, however, the Corporation is granted the right to operate and collect tolls for a thirty year period, pursuant to an agreement dated April 1, 1996, after which time the right will revert back to the Province. In addition, the Corporation has entered into an operating agreement. Compensation is based on the annual operating budget plus a variable fee. The Corporation's fiscal year end is March 31. The Corporation records depreciation using the sinking fund method. Restricted assets, consisting of short-term investments in the amount of $7.8 million, are included in other assets. These reserve accounts were established in accordance with trust indenture agreements between the Corporation and bondholders.

The Province has contributed $55.0 million toward construction of the highway, half of which will be recovered from the Federal Government under the Canada/Nova Scotia Strategic Highway Improvement Program.

THE NOVA SCOTIA GAMING CORPORATION

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Gaming Control Act of 1994-95. The purpose of the Corporation is to develop, undertake, organize conduct and manage casinos and other lottery business on behalf of the Province. The Corporation's fiscal year end is March 31.

The revenues of the Corporation are derived from the Sheraton Halifax and Sydney Casinos and the Atlantic Lottery Corporation. The net earnings of the Corporation, after providing for expenses, are budgeted for and recorded in the revenues of the Province. The net balance owing to the Province at March 31, 2000 was $5.4 million.

The Nova Scotia Gaming Corporation is guaranteed revenues of $25.0 million from the Halifax and Sydney casinos in each of the four years commencing August 1, 1995. Total provincial revenue includes the aggregate of casino win tax paid to the Province, annual registration fees paid to the Nova Scotia Alcohol and Gaming Authority and the share of profit allocated to the Nova Scotia Gaming Corporation as described in an operating contract between the Metropolitan Entertainment Group (the Operator), Sheraton International Inc., and the Corporation. If total provincial revenue falls below the $25.0 million requirement in any year of the guarantee period, the Operator is obligated to pay the shortfall. The shortfall amounted to $21.0 million for the three year period ending July 31, 1998. The Operator is entitled to recover any shortfall amounts paid to the extent that the Province's revenue exceeds $25.0 million in any year through to July 31, 2000. To date, the Operator is entitled to a recovery of $8.2 million, reducing the maximum potential recovery to $12.8 million.

Government Business Enterprises

as at March 31, 2000
(continued)

THE NOVA SCOTIA GAMING CORPORATION

(continued)

The Corporation is required to reimburse the Operator for approved development costs of the Halifax permanent casino, which opened April 24, 2000. Within 180 days of this date, the Operator must submit a detailed summary of the total amount expended for the Casino which must be approved within 30 days. The total amount expended is approximately $98.0 million.

The Corporation has agreed to an annual contribution of $1.0 million annually to the Department of Health to provide funds for problem gaming programs and related public education. The Corporation has also agreed to provide up to $1.0 million in funds in 2000-2001 for the harness industry in Nova Scotia.

THE NOVA SCOTIA LIQUOR COMMISSION

The Commission derives its mandate from the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989. The Commission operates retail sales locations across the province. Its fiscal year end is March 31. The net earnings of the Commission, after providing for expenses, are budgeted for and recorded in the revenues of the Consolidated Fund of the Province. The net balance owing to the Province at March 31, 2000 was $15.17 million.

NOVA SCOTIA RESOURCES LIMITED

The Company has a 50% working interest in the Panuke and Cohasset oil fields offshore Nova Scotia that were in production from 1992 to 1999. The Company has an 8.4% working interest in the Sable Offshore Energy Project gas fields which started commercial production on December 31, 1999. It also has significant discovery licenses and gross royalty on Deep Panuke/Cohasset gas field.

The carrying value of oil and gas properties is $182.6 million at December 31, 1999. The Company compared the net recoverable amount based on commodity prices at December 31, 1999 to the carrying value of the oil and gas properties and has determined that no write down is required. Net losses for its fiscal years ended December 31, 1999 and 1998, amounted to $26.2 million and $75.8 million respectively. Debt of Nova Scotia Resources Limited guaranteed by the Province amounted to $351.4 million, comprised of $241.8 million payable in U.S. dollars, and notes payable directly to the Province totaling $365.0 million at March 31, 2000. The Company records depletion expense on a unit of production basis. The Company's oil and gas operations are conducted through a subsidiary, which is a taxable corporation that has approximately $808.0 million of tax deductions available to reduce future taxable income.

SYDNEY STEEL CORPORATION

The Sydney Steel Corporation (Sysco), a Provincial Crown Corporation established by an Act of the Legislature, operates a steel mill at Sydney, Nova Scotia.

Sysco recorded losses for its fiscal years ended December 31, 1999 and 1998 of $34.5 million and $31.3 million respectively. $154.3 million of debt which was guaranteed by the Province and $0.4 million pension health benefits were both paid out by the Province for Sysco between December 31, 1999 and March 31, 2000. The impact on Sysco for these payouts is a $154.7 million reduction in Accounts Payable and a reduction in Deficit. This has been adjusted in the schedule above. Sysco records depreciation on a straight-line basis. The Province negotiated a final sale agreement for the mill as at October 31, 2000. See Note 3 for further details.

Reporting Entity

as at March 31, 2000

Listed below are the government service organizations and the government business enterprises included in the government reporting entity at the present time.

Government Service Organizations (Consolidated)

Annapolis Valley Regional School Board
Art Gallery of Nova Scotia
Bedford Waterfront Development Corporation
Cape Breton Regional Healthcare Complex
Cape Breton Victoria Regional School Board
Central Regional Health Board
Check Inns Limited
Chignecto-Central Regional School Board
College de l'Acadie
Conseil Scolaire Acadien Provincial
Consolidated Fund (1)
Eastern Regional Health Board
Fisheries and Aquaculture Development Fund
Halifax Regional School Board
Industrial Expansion Fund
Insured Prescription Drug Plan Trust Fund
IWK-Grace Health Centre
Law Reform Commission
Northern Regional Health Board
Nova Scotia Arts Council
Nova Scotia Business Development Corporation
Nova Scotia Community College
Nova Scotia Crop and Livestock Insurance Commission
Nova Scotia Farm Loan Board
Nova Scotia Film Development Corporation
Nova Scotia Freedom of Information and Protection of Privacy Review Office
Nova Scotia Gaming Foundation
Nova Scotia Harness Racing Incorporated
Nova Scotia Hospital
Nova Scotia Housing Development Corporation
Nova Scotia Housing Development Fund
Nova Scotia Innovation Corporation
Nova Scotia Legal Aid Commission
Nova Scotia Municipal Finance Corporation
Nova Scotia Police Commission
Nova Scotia Power Finance Corporation
Nova Scotia Primary Forest Products Marketing Board
Nova Scotia Utility and Review Board
Novaco Limited
Provincial Community Pastures Board
Provincial Drug Distribution Program
Public Archives
Queen Elizabeth II Health Sciences Centre
Resource Recovery Fund Board Incorporated
Rockingham Terminal Incorporated
Sherbrooke Restoration Commission
Southwest Regional School Board
Strait Regional School Board
Sydney Environmental Resources Limited
Tidal Power Limited
Trade Centre Limited
Upper Clements Family Theme Park Limited
Waterfront Development Corporation
Western Regional Health Board

Government Business Enterprises (Modified Equity Method)

Halifax-Dartmouth Bridge Commission
Highway 104 Western Alignment Corporation
Nova Scotia Gaming Corporation
Nova Scotia Liquor Commission
Nova Scotia Resources Limited
Sydney Steel Corporation

(1) - Includes all departments and public service units of the Nova Scotia Provincial Government.

PROVINCE OF NOVA SCOTIA
Notes to the Consolidated Financial Statements
March 31, 2000

1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles, which for purposes of the Province's financial statements is represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These Consolidated Financial Statements have been prepared using the following significant accounting policies.

a) The Consolidated Reporting Entity

The consolidated reporting entity is comprised of the Consolidated Fund, other Government Service Organizations and Government Business Enterprises. This represents the entities which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the House of Assembly and are owned or controlled by the government. A listing of these organizations is provided in Schedule 8.

Trusts administered by the Province are excluded from the reporting entity and are disclosed separately on the Statement of Financial Position for information purposes only.

b) Principles of Consolidation

The accounts of government service organizations are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(c), with the exception of Tangible Capital Assets. Significant inter-organization accounts and transactions are eliminated.

A government business enterprise is a self-sustaining organization which has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. Government business enterprises have been accounted for on the modified equity basis which does not require any accounting policy adjustments. Their combined deficit is included in these consolidated financial statements as a Deficiency in Government Business Enterprises on the Statement of Financial Position. Their combined net income is shown as a separate line item on the Statement of Operations.

Financial results of government business enterprises whose fiscal year ends are not March 31 were not significant to these financial statements so have not been adjusted, except as noted on Schedule 7 regarding amounts paid on behalf of Sydney Steel Corporation (Sysco).

c) Significant Accounting Policies

Revenues

Revenues are recorded on the accrual basis. The main components of revenue are interest, various taxes and legislated levies. Revenues from Personal and Corporate Income Taxes, Federal Equalization Payments and Canada Health and Social Transfers are accrued in the year earned based upon estimates using statistical models. These federal revenues are recorded at the net amount received, after being reduced for charges such as tax credits and administrative costs related to the collection and processing performed by the federal government. Revenue from the oil and gas fields from offshore Nova Scotia is recorded at current sales prices once the product is delivered.

Expenses

Expenses are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Net expenses include recoveries and fees which are directly related to the expenses and are not normally considered to be revenues. Recoveries and fees may include insignificant amounts from other government service organizations, departments and public service units. Gross expenses, before the impact of recoveries, are reported in Note 9 - Expenses By Object. Grants are recognized in the period during which both payment is authorized and any eligibility criteria are met. Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined.

Assets

Cash and Short-Term Investments are recorded at cost which approximates market value. Investments normally include R-1 (mid to high) rated Bankers' Acceptance, term deposits and commercial paper with fixed interest rates averaging 5.30% and are for terms of 1 to 14 days. At statement date, short-term investments included one foreign investment of 615,968 UK Sterling, (CDN $1,425,411).

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories consist of items held for resale. All other items are expensed for the period.

Loans and Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by a department of government. Any loan write-offs must be approved by Order-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

Unamortized Foreign Exchange Translation Gains and Losses and Discounts and Premiums result when debentures payable in foreign currencies, accrued interest thereon, and sinking funds, where invested in foreign currencies, are translated into Canadian dollars at the rate of exchange in effect at March 31. Realized foreign exchange gains and losses relating to US dollar denominated annual sinking fund instalments, balances and serial retirements are charged to debt servicing costs. Foreign exchange gains and losses on the translation of foreign currency debentures together with premiums, discounts and underwriting commissions relating to the issuance of debentures are amortized on a straight-line basis over the remaining term of the related monetary issue.

Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded on the Statement of Tangible Capital Assets at net historical cost (or estimated cost when the actual cost is unknown) and includes all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Commencing April 1, 2000, interest will be capitalized as part of the cost for significant assets under construction. Tangible capital assets include land, buildings, major equipment, computer equipment and software, vehicles, ferries, roads and bridges. Tangible capital assets do not include intangibles, assets acquired by right such as forests, water and mineral resources and works of art and historical treasures.

Social Housing assets relate to the merged Housing Development Corporation and the Housing Development Fund. These entities do not track accumulated amortization separately. The closing cost of these assets is the net carrying value of the assets.

Liabilities

Bank Advances and Short-Term Borrowings are generally for less than 90 days and are recorded at a value which approximates market value. At March 31, 2000, short-term borrowings included $141.5 million in US dollar obligations (CDN $205.7 million). Short-Term borrowings had a fixed average interest rate of 5.95% on US dollar borrowings and 5.15% on CDN dollar borrowings.

Unmatured Debt consists of debentures and various loans in Canadian and foreign currencies and capital leases. Debt is recorded at par, net of sinking funds.

Sinking Fund and Public Debt Retirement Fund objectives are to manage short-term liquidity, to manage interest rate and currency exposure, and to assist in the orderly refunding of maturing debt while maximizing the long-term investment return to the Province. Sinking fund payments usually commence on the first anniversary date of the issue and are generally designed to retire the debt over a 20 year period or the term of the issue, whichever is longer. Sinking Fund and Public Debt Retirement Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments and the Government of Canada. Sinking funds for US currency debentures are invested in US dollar denominated investments.

Pension, Retirement and Other Obligations. For purposes of these financial statements, the Province's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Province's best estimates of performance over the long-term. The net pension liability represents accrued pension benefits less the market value of pension assets (if applicable) and the balance of unamortized experience gains and losses. The Public Service Superannuation Plan and Teachers' Pension Plan have separate funds. The Province also maintains accounts within the Consolidated Fund for other pension and retirement obligations as described in Note 7. Pension expense includes the value of pension benefits earned in the period and the amortization of experience gains and losses. Related interest is charged or credited to debt servicing costs. Other obligations include Self-insured Workers' Compensation and Long-Term Disability Plan liabilities. These amounts are assessed each year at March 31 and any adjustments are charged or credited to expenses.

Net Direct Debt represents the direct liabilities of the Province less realizable assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues. Disclosure on the Statement of Financial Position indicates the significant portion of Net Direct Debt arising from investment in tangible capital assets.

2. MEASUREMENT UNCERTAINTY

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances among the estimates recorded, the actual results achieved and another reasonable estimate. For example, revenues from Personal and Corporate Income Taxes, Federal Equalization Payments and Canada Health and Social Transfers are accrued in the year earned based on estimates using statistical models. Also, pension obligations are recorded based on various assumptions about plan members and economic conditions in the marketplace.

3. UNUSUAL ITEM

The Unusual Item disclosed on the Statement of Operations represents an accounting provision established for the sale of Sydney Steel Corporation (Sysco) and is comprised of the following:

		($ millions)
Sysco Losses to October 31, 2000	$	14.0
Expected Loss on the Sale of Assets		46.0
Sysco Severance Liabilities		10.3
Sysco Unfunded Pension Liabilities		86.5
Environmental Remediation of Sysco and Adjacent Sites		250.0
Environmental Remediation of the Sydney Tar Ponds Site		68.5
Total - Unusual Item	**$**	**475.3**

Sysco has been a provincially owned corporation producing steel on Cape Breton Island, Nova Scotia. The Province entered into purchase/sale negotiations with Duferco Farrell Corporation (a Swiss Company) in the 1999-2000 fiscal year. On January 27, 2000, the Executive Council approved the appointment of an agent to manage the sale of Sysco. At its meeting of June 26, 2000, the Executive Council approved the execution of an agreement for the sale of Sysco. On November 30, 2000, legislation including terms of the sale was approved in the House of Assembly. In the course of discontinuing the operations of Sysco, the Province is obligated by generally accepted accounting principles to record a provision for the expected loss on sale and any operating losses to the sale agreement date of October 31, 2000. Bill #33, the legislation respecting the sale of the assets of Sysco, received royal assent on November 30, 2000.

In addition to the financial commitments for the sale of Sysco, the Province has assumed legal responsibility for any Sysco site environmental issues that currently exist or may result from conditions that exist at the date of sale. Engineering and environmental studies have generated initial estimates for the cost of remediation of the Sysco and adjacent sites as well as the Sydney Tar Ponds. The calculation assumes that the current cost-sharing arrangements with the Federal Government will continue for the subsequent phases of the remediation. The cost estimate is based on the most cost effective method of remediation. As a result, the Province has recorded a provision for these remediation projects in the fiscal year.

On the Statement of Financial Position these items are represented by a $86.5 million increase in pension liabilities and a $388.8 million increase in accounts payable.

The above provision is an estimate based on the best information available at the time of the preparation of these financial statements. Actual costs may vary from this provision.

The Company will continue to collect accounts receivable and wind down its operational commitments and guarantees until such time as wind up is possible.

4. PRIOR PERIOD ADJUSTMENTS

To more fully comply with generally accepted accounting principles, certain accounting policy changes have been reflected retroactively in these consolidated financial statements. These policy changes have resulted in a decrease in the 1998-1999 deficit of $124.3 million. This is attributable to a $92.9 million decrease from the implementation of tangible capital assets, a $33.0 million decrease from foreign exchange gains and losses, and a $1.6 million increase to employee benefits expense. The impact on opening net direct debt of $640.1 million as of April 1, 1999 results from a $28.4 million reclassification of tangible capital assets, $79.8 million due to foreign exchange gains and losses, and $531.9 million related to employee benefits. These changes are discussed in further details in the following paragraphs.

The Province has changed its accounting policy for tangible capital assets on the Statement of Operations whereby expenditures for tangible capital assets are capitalized and amortized over the estimated useful life of the asset. In the past, expenditures for tangible capital assets were charged to operations when incurred. The impact of this change is a $135.7 million decrease in the deficit for March 31, 2000 and a $ 92.9 million decrease in the deficit for 1999. The impact of this policy change has been removed from expenses by an adjustment on the Statement of Net Direct Debt to reinstate that figure to an expenditure basis as required by PSAB. Also, $28.4 million of assets previously classified as investments have been charged to opening Net Direct Debt as at March 31, 1998.

The Province has changed its accounting policy for long-term disability benefits to record the Long-Term Disability Fund's deficiency. In the past, no liability had been recorded. The impact of this change results in a $8.3 million decrease in the deficit for 2000, a $6.5 million decrease in the deficit for 1999 and a $42.7 million increase in Net Direct Debt as at March 31, 1998.

The Province has changed its accounting policy for pensions and other retirement obligations to comply with PSAB. Pension benefits and pension fund interest expense or recoveries are recognized as earned in the year. Also, valuation adjustments to the liability at year end are deferred and amortized over the estimated average remaining service life of members. Assumptions used in the valuation of these benefits and obligations were developed for accounting purposes and differ from those assumptions used for funding purposes. In previous years, the funding assumptions were used for accounting purposes.

In the past, contributions or payments were recorded as expenditures and valuation adjustments were charged or credited to Net Direct Debt. The impact of this change results in a $44.1 million decrease in the deficit for 1999-2000, a $4.7 million increase in the deficit for 1998-1999, a $240.4 million increase in Net Direct Debt as at March 31, 1998. Also the $252.3 million valuation adjustment previously recorded to Net Direct Debt as at March 31, 1999 has been reclassified resulting in an additional $3.4 million increase in the deficit for 1998-1999 and $248.8 million increase in Net Direct Debt as at March 31, 1998.

In addition to the accounting policy changes discussed above, a prior period adjustment has been made to correct an error relating to the recognition of unamortized foreign exchange gains or losses. As a result, there is a $33.0 million decrease in the deficit previously reported for fiscal 1998-1999, a $79.8 million increase in the Net Direct Debt as of March 31, 1998, and a $46.8 million change to the unamortized foreign exchange translation losses and discounts balance reported as at March 31, 1999.

5. RESTRICTED CASH AND SHORT-TERM INVESTMENTS

Restricted cash and short-term investments of $25.4 million ($24.0 million in 1999) have been designated for restricted purposes by parties external to the Province.

6. DERIVATIVE FINANCIAL INSTRUMENTS

The Province is a party to financial instruments with off-balance sheet risk, either to hedge against the risks associated with fluctuations in foreign currency exchange rates or to manage risks associated with interest rate fluctuations. Foreign currency contracts are used to convert the liability for foreign currency borrowings and associated costs into Canadian or US dollars. Interest rate contracts are used to vary the amounts and periods for which interest rates on borrowing are fixed or floating.

The Province's credit policy is that it executes derivative transactions only with counter-parties rated equal to or better than the Province. When a counterpart has a split rating, the Province uses the lower of the two ratings.

Foreign currency contracts include forward rate agreements, future contracts, swap agreements and options. Interest rate contracts include forward rate agreements, future contracts, swap agreements and options on swaps and deferred rate-setting agreements.

The Province has executed the following swap contracts to convert certain interest payments from a fixed to floating, from floating to fixed, floating to floating or fixed to fixed basis for the fiscal year ended March 31, 2000:

# of Swaps	Currency	Notional Principal ($ thousands)	Term Left to Maturity (years)	Reset Index	Spread	Mark to Market * ($ millions)
86	CDN $	1,301,225	1 to 19	3 mth CAD-BA-CDOR	-0.17 to +0.12	3.24
6	US $	939,712	1 to 22	3 mth USD-LIBOR 3 mth CAD-BA-CDOR	no spread +0.045	(16.30)
3	UK pound	143,215	1 to 4	6 mth GBP-LIBOR-BBA 6 mth USD-LIBOR-BBA	-0.095 to +2.96 +2.85	4.21
1	YEN	3,000,000	1	3 mth CAD-BA-CDOR	-0.01	2.07
1	Euro	50,000	10	not applicable		(6.43)
97						(13.21)

* Mark to Market is an indication of the swap's market value as at March 31, 2000. This represents the estimated realizable gain and is equivalent to the present value of future interest savings based on market conditions as at March 31, 2000.

The Province has also executed several currency swap contracts to convert foreign denominated debt into Canadian or US dollar denominated debt as follows:

Termination Date	Original Currency	Original Principal ($ thousands)	Current Currency	Current Principal ($ thousands)
May 12, 2001	US $	281,031	CDN $	407,776
February 24, 2010	Euro	50,000	CDN $	72,235
April 18, 2000	UK pound	60,000	US $	98,736
April 30, 2001	UK pound	23,215	US $	38,204
March 8, 2001	Yen	3,000,000	CDN $	41,436
March 1, 2020	US $	236,245	CDN $	322,238
March 15, 2016	US $	102,326	CDN $	140,340
March 1, 2020	US $	120,000	CDN $	163,680

The Province has also executed several foreign currency forward agreements to convert Yen, Swiss Franc and US dollar commitments coming due in 2000 as follows:

Forward Date	Original Currency	Original Principal ($ thousands)	Current Currency	Current Principal ($ thousands)
August 3, 2000	CHF $	143,500	US $	97,092
August 3, 2000	US $	65,000	CDN $	96,320
November 27, 2000	Yen	24,400,000	US $	226,299
November 27, 2000	US $	105,000	CDN $	155,536

7. PENSION, RETIREMENT AND OTHER OBLIGATIONS

a) Description of Obligations

Employees of the Province and certain other entities are entitled to receive pension benefits from the Province's Consolidated Fund and several separate pension funds administered by the Province. These pensions are defined benefit plans and the pension liabilities are adjusted each year on an accrued benefit basis to reflect the net actuarial position of the plan to date. The Province records the full amount of any unfunded pension or retirement liability. For the Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP), the Province records the full unfunded liability and shares equally with plan members in any surplus.

The following is a general description of the various plans, including benefit formulae:

Public Service Superannuation Plan (PSSP)

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of $74.0 million as at March 31, 2000.

Employees are required to contribute 5.4% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) and 7% of any earnings over the YMPE. Contributions are matched by the Province and participating agencies.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. Eligible employees may elect early retirement as early as age 50; integration with CPP reduces benefits after age 65. If early eligibility criteria are not met, employees may elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the Consumer Price Index (CPI).

In the event there are insufficient funds within the PSSP to make all payments required by the Act, the Province guarantees cash flow assistance.

Nova Scotia Teachers' Pension Plan (TPP)

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of $80.0 million as at March 31, 2000.

Pursuant to an agreement with the Nova Scotia Teachers' Union in 1993, amendments were made to the Teachers' Pension Act (Schedules A and B) regarding amounts which the Province would pay to the Pension Fund. Schedule A was paid out in 1997. Under Schedule B, the Province is committed to making a series of payments which began at $10.0 million per annum in 1993, increased by 7.5% each year thereafter until 2003. The present value of these future payments as at March 31, 2000, is approximately $48.2 million and has been recognized in these financial statements.

Members are required to contribute 8.3% of earnings up to the YMPE under the CPP and 9.9% of any earnings over the YMPE. Contributions are matched by the Province.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. Eligible employees taking early retirement can receive reduced benefits beginning at age 55; integration with CPP reduces benefits after age 65. If early eligibility criteria are not met, employees may still elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the CPI less 1% (never less than zero).

In the event there are insufficient funds within the TPP to make all payments required by the Act, the Province guarantees cash flow assistance.

Members' Retiring Allowance Act (MRA)

There is no separate fund for the Members' Retiring Allowances. Contributions are paid to the Consolidated Fund of the Province and allowances are paid from the Consolidated Fund.

Members are required to contribute 10% of their Annual Indemnity Payment, their annual allowance for expenses and Executive Council salary or other salaried office. The Province contributes 3.96 times the contributions by members.

Pension benefits are based on average salary during the last three years at the rate of 5% per year of contributions to a maximum of fifteen years of service. A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies and having attained age 55. Members may make application for an actuarially reduced allowance at age 45. Pensions are inflation protected to the lesser of 6% or the increase in the CPI.

Early Retirement Incentive Programs (ERIP)

The Province has offered early retirement incentive programs to members of the Public Service Superannuation Plan at various times commencing in 1986. Qualified members were offered additional years of pensionable service if they elected to retire. These are obligations of the Province and are not payable from the Public Service Superannuation Plan. The last ERIP offering expired on April 1, 1998.

Teachers' Early Retirement Program (ERP)

This program, which commenced in 1994, entitled teachers who met the eligibility criteria to retire early. For each program participant, the ERP liability was increased by an amount equal to the present value of the remaining payments for the prescribed obligation. This program expired on August 1, 1998.

Judges' Pension Supplement (JPS)

Provincial and Family Court judges are members of the Public Service Superannuation Plan with all the benefits it entails. However, judges are also eligible to retire under the terms of the Provincial Court Act. A judge who retires at age 65 with at least five years of service is entitled to pension benefits based on the average salary during the three highest earning years at the rate of 7% per year of contributions to a maximum of 70%. The base benefit is paid by the Public Service Superannuation Plan and the supplement necessary to bring the judge's total pension up to the amount payable under the terms of the Provincial Court Act is paid from the Consolidated Fund of the Province.

Deputy Ministers' Supplement (DMS)

Deputy Ministers are members of the Public Service Superannuation Plan. Benefits paid to retiring Deputy Ministers are based on the average salary for the three highest earning years instead of the five highest earning years which is the entitlement under the Public Service Superannuation Plan. The amount of pension benefit which is attributable to this difference in entitlement is paid from the Consolidated Fund of the Province. A member qualifies for benefits as early as age 50, if they have 20 years of service, 5 of which were served as a Deputy Minister.

Other Service (Other)

The Province's Consolidated Fund is also responsible for funding the cost of certain types of pensionable service which do not fall into the categories described above.

Sysco Pension Plan

The total obligation to the Plan is $121.5 million at March 31, 2000. It is comprised of two separate commitment amounts. In previous years, the Province had committed to fund the December 31, 1994 unfunded liability of the Sydney Steel Employees Pension Plan Fund. Interest is accrued on this liability at a rate of 8% per year and several instalment payments have been made. The balance of the 1994 obligation is $35.0 million. In the year, additional commitments were made by the Province to fund $86.5 million of plan deficits and enhancements as part of the negotiations for the sale of Sysco.

Public Service Award

Upon retirement, employees of the Province are eligible for a Public Service Award equal to one week's salary per year of service to a maximum of six months salary. The liability consists of obligations recorded as 1% of total payroll plus interest allocated annually.

Retiring Allowances

Health Boards and School Boards also offer a retirement allowance for benefits accruing to employees under various contractual arrangements. The amount of these allowances has been estimated for these financial statements using standard actuarial methods.

Self-Insured Workers' Compensation

The Province is self-insured for Workers' Compensation purposes. Any approved claims from injured workers are paid directly by the Province. The amount recorded in these financial statements represents the actuarial estimate of future payments based on claims ongoing as at March 31, 2000.

Long-Term Disability

The Province participates with the Nova Scotia Government Employees Union in the administration of the Nova Scotia Public Service Long-Term Disability Plan Trust Fund. The Fund provides benefits to those workers approved for long-term disability leave.

b) Member Data

The following table provides member data for certain plans:

Pension Plan	*Active Members*	*Average Age of Active Members*	*Estimated Average Remaining Service Life*	*Average Salary of Active Members*	*Average Pension*	*Number of Pensioners*
PSSP	15,106	43.9	16	$ 38,116	$ 16,191	7,208
TPP	13,157	42.7	15	44,806	23,648	7,799
MRA	52	49.6	7	57,671	28,372	98
JPS	39	52.9	12	130,641	28,576	31
DMS	27	50.0	10	96,332	2,666	31
Other	N/A	N/A	N/A	N/A	2,993	820

Those pensioners who retired under the PSSP's ERIP or the TPP's ERP programs are included in the number of pensioners for those respective plans.

c) Actuarial Assumptions

The table below summarizes some of the key accounting assumptions used by actuaries to estimate the Province's pension obligations:

Pension Plan	*Real Rate of Return on Assets*	*Annual Salary Increase*	*Inflation*	*Average Retirement Age*
PSSP	5.20%	3.5% + merit	3.0%	60
TPP	5.20%	3.5% + merit	3.0%	58
MRA	3.46%	3.0%	3.0%	58
JPS	3.46%	3.5%	3.0%	65
DMS	3.46%	3.5%	3.0%	60
Other	3.46%	N/A	3.0%	N/A

d) Obligation Totals

Details of the pension, retirement and other obligations are outlined in the table below. Pension obligations are calculated on an actuarial basis. Actuarial assumptions used include factors such as retirement age, mortality rates, rates of return on investments, management's best estimates of short and long-term interest, inflation rates, marital status and future salary levels, among others. In all cases, the estimated plan assets (if applicable) and plan liabilities reported have been updated to the year end date by extrapolating the data from the last valuation.

The actuarial process uses assumptions to calculate the present value of accrued pension benefits. Pension plan assets are stated at either cost or market value at the year end date. Actual experience may vary from the predicted performance of the plans due to such factors as inflation or market performance of fund assets. The resulting gains or losses are amortized over the estimated average remaining service life of the plan members. The net pension obligation represents the accrued pension benefits net of pension assets and the unamortized experience gains or losses. By following PSAB recommendations for pension accounting, the decision on how plans are funded should not affect the expense recognized in the financial statements.

Pension Plan and Other Obligations	*Last Actuarial Valuation Date*	*Estimated Accrued Benefits*	*Market Value of Assets*	*Unamortized Experience Gains/(Losses)* *($ thousands)*	*2000 Net Obligation*	*1999 Net Obligation*
PSSP (at 50%)	December 1999	$ 1,153,800	$ 1,544,600	$ 259,735	$ (131,065)	$ (110,950)
TPP	December 1999	3,395,820	3,557,000	580,200	419,020	467,710
ERP	March 2000	178,527	N/A	N/A	178,527	194,140
MRA	December 1999	48,541	N/A	3,904	52,445	51,050
ERIP	March 2000	160,870	N/A	(6,477)	154,393	152,945
JPS	March 2000	17,463	N/A	(1,544)	15,919	15,180
DMS	March 2000	2,191	N/A	589	2,780	2,713
Other	March 2000	22,180	N/A	(3,880)	18,300	17,747
Sysco Pension Plan		121,469	N/A	N/A	121,469	32,379
Public Service Awards		105,900	N/A	(11,567)	94,333	87,093
Retiring Allowances		127,741	N/A	(2,152)	125,589	112,113
Self-Insured Workers' Compensation		33,000	N/A	N/A	33,000	33,000
Long-Term Disability Plan		58,860	31,072	N/A	27,788	36,132
		$ 5,426,362	$ 5,132,672	$ 818,808	$ 1,112,438	$ 1,091,252

Included in estimated accrued benefits is accrued interest on the net over/under-funded pension obligations.

Other pension and post-employment benefit obligations may exist which have not been valued and therefore have not been recorded in these financial statements.

8. TRUST FUNDS UNDER ADMINISTRATION

Trust fund assets administered by the Province (before giving consideration to actuarial adjustments) are:

Description	*2000*	*1999*
	($ thousands)	
Public Service Superannuation Plan	$ 3,089,151	$ 2,505,870
Nova Scotia Teachers' Pension Plan	3,546,169	3,067,839
Workers' Compensation Board	559,361	464,613
Nova Scotia Municipal Finance Corporation	29,843	47,237
Nova Scotia Government Fund Limited	27,041	26,876
Long-Term Disability Plan	33,253	25,813
Public Trustee	19,455	19,018
Miscellaneous Trusts	29,953	29,296
	$ 7,334,226	$ 6,186,562

9. EXPENSES BY OBJECT

Description	*2000*
	($ thousands)
Grants and Subsidies	$ 2,095,537
Salaries and Employee Benefits	1,904,829
Operating Goods and Services	862,468
Professional Services	151,717
Amortization and Social Housing Adjustment	137,769
Debt Servicing Costs	1,110,993
Other	4,919
Less: Chargeable	(329,448)
Less: Recoveries	(259,452)
Total Expenses before Unusual Item	5,679,332
Unusual Item (Note 3)	475,300
	$ 6,154,632

Detailed comparative numbers by object were not available.

10. DEBT SERVICING COSTS

Description	*2000*	*1999*
	($ thousands)	
CDN$ Debentures	$ 588,651	$ 531,942
US$ Debentures	340,861	364,471
Foreign Currencies Debentures	80,984	90,401
Pension Liabilities	24,354	13,406
Capital Leases	7,082	1,095
Other Debt	35,139	17,370
Premium/Discount Amortization	(8,863)	(4,728)
Foreign Exchange Amortization	35,446	27,379
Miscellaneous	7,339	242
Total - Debt Servicing Costs	**$ 1,110,993**	**$ 1,041,578**

Debt servicing costs for the year ending March 31, 1999 were restated to reflect the change in accounting policy for pensions and for adjustments to foreign exchange gains/(losses)/discounts/premiums (see Note 4).

Debt servicing costs for Government Business Enterprises was $16.8 million for the year ended March 31, 2000 ($91.4 million for the year ended March 31, 1999).

11. CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities

i) Environmental Sites

Various provincially owned sites located throughout the Province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of the damage and to develop a remediation plan. Remediation costs for these sites are not determinable as at March 31, 2000 and no further provisions for these costs have been recorded in these financial statements with the exception of the provisions recorded for remediation of the Sysco and adjacent sites and the Sydney Tar Ponds as described in Note 3.

ii) Lawsuits

The Province's losses for any lawsuits pending cannot be determined due to uncertainty of the trial outcomes.

b) Commitments

i) Commitments

Commitments total $192.4 million. Included in this amount are commitments of $53.4 million for a correctional and forensic facility, $55.9 million by the Department of Economic Development for projects approved under its various cost sharing programs and $45.8 million for monthly services and equipment with respect to the Trunk Mobile Radio System over the next 10 years. Also included is a commitment by the Department of Health and the Western Regional Health Board to participate in a redevelopment project for the Yarmouth Regional Hospital in the amount of $47.9 million.

ii) Environmental Sites

In negotiations for the sale of Sysco, the Province has assumed legal liability for the remediation of the Sysco site. Engineering and environmental studies have generated initial estimates for the cost of remediation of the Sysco and adjacent sites as well as the Sydney Tar Ponds. As a result, the Province has recorded liabilities of $250.0 million and $68.5 million respectively in the fiscal year for environmental site clean up. These amounts are reflected on the Statement of Operations as part of the Unusual Item provision. See Note 3.

iii) Leases

As at March 31, 2000, the Province was committed under the terms of various leases. Future minimum annual lease payments are as follows:

Fiscal Year	Lease Payments ($ millions)
2000-2001	$ 117.0
2001-2002	72.7
2002-2003	59.6
2003-2004	52.0
2004-2005	39.1
2006-2010	30.9
2011-2015	6.8
2016-2020	0.5
	$ 378.6

iv) School Maintenance and Development Agreements

As at March 31, 2000, the Province had signed Development Agreements with a number of private sector companies for the construction of 25 additional schools, with estimated total capital lease payments of $703.5 million. Leases are typically for a 20 year term. The Province expects to lease the schools with estimated annual payments of $35.4 million for leases and $18.6 million for maintenance.

12. SUBSEQUENT EVENTS

On May 25, 2000, the Executive Council approved the retention of an investment banker for the disposal of Nova Scotia Resources Limited (NSRL). On November 16, 2000, the Executive Council passed OIC #2000-598 to forgive any debt owing to the Province from NSRL as at November 30, 2000.

13. COMPARATIVE FIGURES

To conform with current year's presentation, certain comparative figures for previous years have been restated as follows:

a) Additional Government Service Organization

The financial results of College de l'Acadie have been consolidated into these financial statements for the first time this year. Its March 31, 1999 accumulated net equity of $1.7 million has been charged to opening Net Direct Debt in 2000.

b) Clarification of Consolidated Results

The Province prepared its first consolidated financial statements in 1999. Time constraints imposed by this late August change in reporting limited the amount of information to be incorporated in the process. Subsequent to the release of those statements, there has been an accounting review with more in-depth information provided by the entities within the reporting entity. An additional adjustment of $26.5 million, including item (a) above, has been made to opening Net Direct Debt in 2000 based on findings of this review process. This includes the amount referred to in Note 13(a).

c) Prior Period Adjustments

As described in Note 4 to these statements, there have been some retroactive restatements of figures in accordance with the newly adopted accounting policies.

d) New Department

A new department, Tourism and Culture, was formed in the year by merging sections of the former Department of Education and Culture and the Department of Economic Development and Tourism.

e) Bill No. 35

Effective April 1, 1999, pursuant to Bill No. 35, the Nova Scotia Housing Development Corporation assumed the assets, liabilities and activities of the Nova Scotia Housing Development Fund.

f) Presentation

Prior year's numbers have been restated to conform to the presentation format adopted in the current year.

14. RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are immaterial transactions with various provincial crown corporations, agencies, boards and commissions. Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the Consolidated Fund due to common control or ownership by the Province of Nova Scotia.

The most significant related party transactions are described in Schedule 7 - Government Business Enterprises.

15. YEAR 2000

The impact of the Year 2000 issue on operations and financial reporting may range from minor errors to significant systems failure which could affect the Province's ability to conduct normal business operations. Although the date has changed to 2000, it is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to efforts of suppliers and other third parties, have been fully resolved.

Financial Highlights

Message from the Minister

The financial statements for the year ending March 31, 2000 represent a continuation of the Nova Scotia government's commitment to open and transparent financial accountability.

Prior to fiscal 1998-1999, the Province's financial statements were not fully compliant with Generally Accepted Accounting Principles. With the move to fully implement Generally Accepted Accounting Principles, a much wider definition of accountability was adopted and a more complete picture of the Province's fiscal position emerged.

The fiscal 1998-1999 financial statements included all significant financial transactions in calculating the Provincial Surplus/(Deficit) for that fiscal year. These statements also included the true operating and capital costs of the health care sector and the losses of crown corporations such as Nova Scotia Resources Limited and Sydney Steel Corporation. By including these factors, the impact on the province's fiscal position of policy decisions related to these areas became clearer.

For fiscal 1999-2000, the financial statements go even further. Tangible capital assets and pensions are now properly accounted for in compliance with Generally Accepted Accounting Principles for the public sector. This accounting treatment also enables government to better manage the public's investment in infrastructure.

Decisions respecting the future of Nova Scotia public programs and services must be grounded in sound financial information. This information was critical to developing the four-year fiscal plan that will see a balanced budget in fiscal 2002-2003 and a personal income tax cut in fiscal 2003-2004. By restoring credibility to the province's financial statements, we have a full and clear picture of the challenge that lies before us.

Honourable Neil LeBlanc
Minister of Finance

Selected Financial Highlights

Budgetary Summary

($ millions)

ACTUAL 1998-1999 (as restated)		*ESTIMATE 1999-2000*	*ACTUAL 1999-2000*
	Consolidated Fund		
4,550.6	Ordinary Revenue	**4,623.0**	**4,784.3**
	Net Expenses		
4,061.1	Net Program Expenditures	4,231.2	4,294.1
762.3	Net Debt Servicing Costs	799.5	827.1
4,823.4		**5,030.7**	**5,121.2**
(272.8)		**(407.7)**	**(336.9)**
	Consolidation Adjustments for the Consolidated Fund and Government Service Organizations		
1,615.1	Consolidated Fund Consolidation Adjustments	—	1,596.5
(955.5)	Health and Hospital Boards Operations	—	(1,053.1)
(652.5)	School Boards Operations	—	(698.5)
(156.2)	Other Organizations	—	(40.4)
(149.1)		—	**(195.5)**
	Net Income (Losses) for Government Business Enterprises		
(75.8)	Nova Scotia Resources Limited	(65.1)	(26.2)
(31.3)	Sydney Steel Corporation	(31.8)	(34.5)
267.8	Other Enterprises	8.0	295.2
160.7		**(88.9)**	**234.5**
(261.2)	**Provincial Surplus (Deficit) before Unusual Item**	**(496.6)**	**(297.9)**
	Unusual Item		
—	Environmental Clean-Up	—	(68.5)
—	Sydney Steel Corporation	—	(406.8)
—		—	**(475.3)**
(261.2)	**Provincial Surplus (Deficit)**	**(496.6)**	**(773.2)**

Significant Accounting Policy Issues

Introduction

The Government of Nova Scotia recognizes that its primary financial accountability document is the annual financial statements. A number of changes have taken place to improve these financial statements. The statements for the fiscal year ended March 31, 2000 represent a significant step toward fully adopting generally accepted accounting principles. The objective is to ensure that the statements fully and openly disclose the financial results of operations and the Province's financial position.

The Standard

The recommendations and guidelines of the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Board (PSAB), supplemented where appropriate by other CICA accounting standards and guidelines, provide an authoritative foundation for the Government of Nova Scotia as it relates to what constitutes appropriate accounting for, and disclosure of the Province's financial position and results. PSAB's recommendations have, to a significant extent, become generally accepted practice for governments.

Changes for the 1999-2000 Financial Statements

The Province of Nova Scotia has made further improvements in the manner it presents financial information. Accounting policy changes for pension costs and tangible capital assets have been implemented effective March 31, 2000 and the actual results for 1998-1999 fiscal year have been restated for comparative purposes. In addition, the Province has accounted for the sale of the Sydney Steel Corporation in the 1999-2000 financial statements which has a significant impact on the 1999-2000 operating results.

Pensions

The Province of Nova Scotia now accounts for pension costs on a basis that is consistent with generally accepted accounting principles. Previously, the Province recorded the cash cost of its pension plan contributions as expense for the current year. The current accounting policy now recognizes the cost of the pensionable service earned by employees in the year as its pension expense. As well, this policy has impacted the treatment of annual changes in the unfunded liabilities of the pension plans. The full impact of this accounting policy change is outlined in Note 4 to the Consolidated Financial Statements.

Tangible Capital Assets

During the 1999-2000 fiscal year, the Province completed its implementation of accounting for tangible capital assets. The policy has been implemented on a retroactive basis in accordance with the recommendations of the Public Sector Accounting Board. In the past, all expenditures for tangible capital assets were charged to operations when incurred even though the expenditure had a useful life extending beyond the accounting period and provided benefits for a number of years.

All tangible capital assets will be capitalized and amortized over the estimated useful life of the asset. Amortization of the assets will be included in the Statement of Operations as part of the expenses of departments and other entities. To ensure net direct debt continues to represent cumulative provincial deficits, a charge for the change in the net book value of tangible capital assets is reflected on the Statement of Net Direct Debt.

Sale of Sydney Steel Corporation

The Province of Nova Scotia has accounted for the sale of Sydney Steel Corporation (Sysco) as an "Unusual Item". This transaction has been accounted for in this manner because it does not typify the normal activities of the Province of Nova Scotia.

The provision was established as a result of the decision to sell Sysco being made prior to March 31, 2000 but not finalized prior to the release of the financial statements. This provision is in accordance with generally accepted accounting principles.

The provision for Sysco recognizes the estimated loss associated with the sale of the assets to Duferco. There are unfunded pension liabilities associated with the operations as well as the negotiated pension settlement and severance costs.

The majority of the provision relates to the requirement to undertake certain environmental remediation on the Sysco site. The Province has assumed legal responsibility for any Sysco site environmental issues that currently exist or may result from conditions that exist at the date of the sale. Engineering and environmental studies have generated initial estimates for the cost of remediation of the Sysco and adjacent sites as well as the Sydney Tar Ponds.

Revenues - Consolidated Fund

($ thousands)

REVENUE SOURCES	ACTUAL 1998-1999	ESTIMATE 1999-2000	ACTUAL 1999-2000	VARIANCE Increase (Decrease)
Provincial Sources				
Personal Income Tax	992,205	1,044,742	1,144,871	100,129
Corporate Income Tax	119,356	127,102	149,379	22,277
Harmonized Sales Tax	723,391	759,450	754,827	(4,623)
Tobacco Tax	74,598	77,685	76,543	(1,142)
Motive Fuel Taxes	211,606	219,945	219,389	(556)
Gaming Corporation Profits	144,414	161,622	164,926	3,304
Liquor Commission Profits	129,200	133,500	135,170	1,670
Interest Revenues	32,784	35,325	34,428	(897)
Registry of Motor Vehicles	60,980	56,335	61,439	5,104
Royalties - Petroleum	1,834	2,000	1,970	(30)
Other Provincial Sources	184,383	168,556	167,299	(1,257)
Total - Provincial Sources	**2,674,751**	**2,786,262**	**2,910,241**	**123,979**
Federal Sources				
Equalization	1,260,683	1,257,629	1,279,610	21,981
Canada Health and Social Transfer	426,874	521,487	527,920	6,433
Federal Compensation for Harmonization	77,700	52,700	52,700	—
Other Federal Sources	3,845	4,407	4,416	9
Total - Federal Sources	**1,769,102**	**1,836,223**	**1,864,646**	**28,423**
Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements	**106,769**	**—**	**9,400**	**9,400**
Total - Revenues	**4,550,622**	**4,622,485**	**4,784,287**	**161,802**

Total Ordinary Revenues were $4,784.3 million for the fiscal year 1999-2000, which is $161.8 million higher than estimated in the October budget.

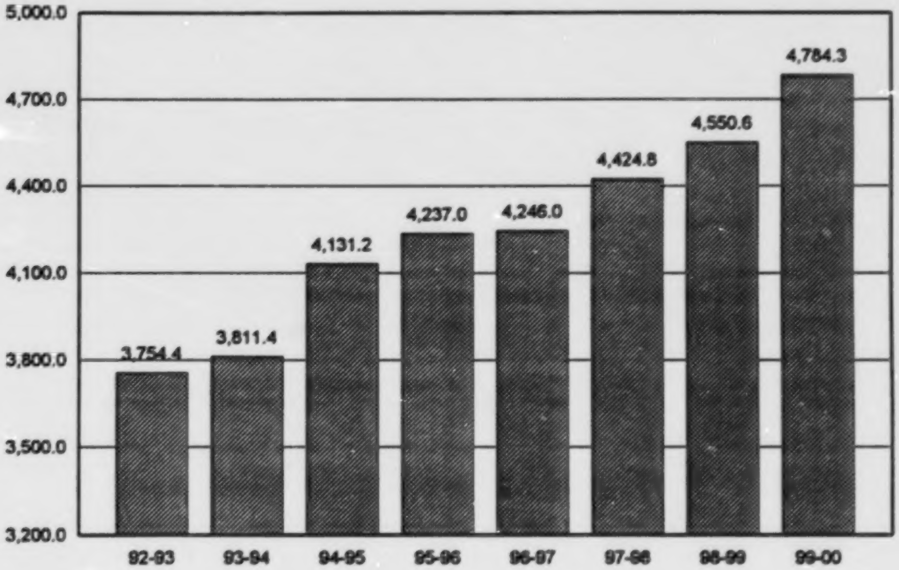
Personal Income Tax revenues were $100.1 million higher than the Estimate of $1,044.9 million. The main factor contributing to this improvement was an increase in the national level of basic federal tax, the base upon which Nova Scotia Personal Income Tax (PIT) is calculated. A positive adjustment of $73.4 million, in respect of prior years was also recorded for personal income taxes.

Corporate Income Taxes increased by $22.2 million from the Estimate of $127.1 million. A positive prior years adjustment of $14.2 million was recorded in respect of corporate income taxes, reflecting prior years growth in national and provincial corporate income levels.

The Harmonized Sales Tax (HST) revenues are $4.6 million lower than estimated for fiscal year 1999-2000. A negative prior years adjustment of $22.7 million was recorded. Despite the drop in the provincial sales tax rate from 11.0 percent to 8.0 percent, tax revenues are back to pre-harmonized levels. This is because the HST base is growing faster than the former base. In 1996 Nova Scotia received $249.0 million in federal compensation to offset the revenue loss due to harmonization of the provincial sales tax with the Goods and Services Tax (GST). Nova Scotia allocated $118.6 million in fiscal 1997-1998 and $77.7 million in fiscal 1998-1999 with the remaining allocated to fiscal 1999-2000. This apportionment was to match the expected revenue gap between the old Provincial Sales Tax and the new Harmonized Sales Tax.

Under the terms of the harmonized agreement, HST revenues are collected by the federal government and distributed to participating provinces according to a revenue allocation formula. While the formula was under development by the federal government and participating provinces, the federal government made a series of pre-determined payments, adjusted for provincial rebates. The formula has been completed in fiscal 2000-2001 but is subject to prior years' adjustments (positive or negative) based on the difference between the formula allocation and the amounts recorded by the province.

Revenues - Consolidated Fund
_1992-1993 to 1999-2000_
($ millions)



Nova Scotia Gaming Corporation profits were up $3.3 million in 1999-2000 from the original estimate. This is primarily due to a more equitable allocation of the Atlantic Lottery Corporation's expenses among the four Atlantic Provinces.

Registry of Motor Vehicles revenues increased $5.0 million over the Estimate due to a higher number of licenses than anticipated and a one time increase in permits (large vehicle) due to offshore construction.

Federal transfers amounted to $1,864.7 million in 1999-2000, an increase of $28.4 million over the initial estimate. Equalization Payments increased to $1,279.6 million, which is $22.0 million higher than estimated. This increase was due to the strong performance of the Ontario economy. The Canada Health and Social Transfer (CHST) cash portion increased by $6.4 million over the initial estimate, due to changes in the estimates of the values of personal and corporate tax points.

The Province experienced positive Prior Years' Adjustments (PYA's) totaling $9.4 million in fiscal 1999-2000. PYA's for own-source revenues totaled $56.4 million and largely reflected adjustments in respect of final personal and corporate income tax data for 1998. Changes to federal transfers in respect of prior years resulted in a negative adjustment of $47.0 million. This was comprised of Equalization and CHST adjustments.

Program Spending - Consolidated Fund

Net Program Expenditures

($ thousands)

DEPARTMENTS	*ACTUAL 1998-1999 (as restated)*	*ESTIMATE 1999-2000*	*ACTUAL 1999-2000*	*VARIANCE Increase (Decrease)*
Agriculture and Marketing	35,626	42,238	42,223	(15)
Business and Consumer Services	31,318	33,135	32,037	(1,098)
Community Services	565,829	580,173	583,228	3,055
Economic Development	77,268	60,268	89,263	28,995
Education	906,088	873,746	969,747	96,001
Assistance to Universities	188,487	197,232	197,232	—
Environment	15,480	15,678	15,437	(241)
Finance	8,332	9,941	8,938	(1,003)
Fisheries and Aquaculture	5,863	9,396	8,899	(497)
Health	1,632,041	1,770,630	1,767,440	(3,190)
Housing and Municipal Affairs	106,328	101,938	101,923	(15)
Human Resources	3,983	4,334	3,934	(400)
Justice	80,118	82,582	85,250	2,668
Labour	10,328	11,040	8,993	(2,047)
Natural Resources	53,886	56,707	55,414	(1,293)
Public Service	67,504	86,015	101,888	15,873
Tourism and Culture	—	40,456	40,423	(33)
Transportation and Public Works	236,468	239,568	236,303	(3,265)
Unallocated Recoveries	(14,099)	—	—	—
Restructuring Costs	50,265	16,100	(54,476)	(70,576)
	4,061,113	**4,231,177**	**4,294,096**	**62,919**

Notes: The consolidation of departmental expenditures with that of government service organizations provides the total expenditures for which government is accountable. This table provides the net program expenditures by department prior to consolidation and the tangible capital asset accounting policy, as compared to the prior fiscal year and the budget which are the Estimates as approved by the Legislature in the annual Appropriations Act.

In total, net program expenditures in fiscal 1999-2000 increased by $62.9 million over the original budget of $4.232 billion to $4.331 billion. Five departments and three Public Service votes ended the fiscal year with over-expenditures totaling $217.2 million. The remaining departments and Public Service votes came in under-budget by a total of $83.7 million.

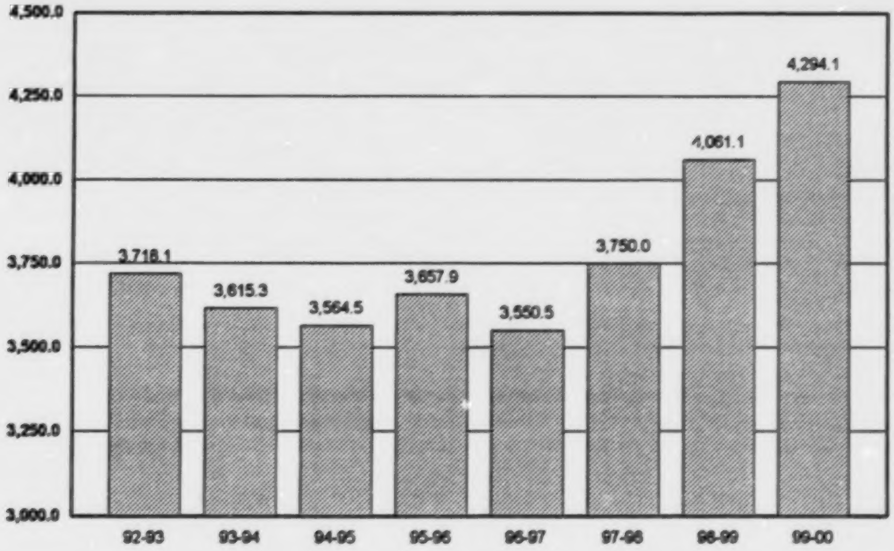
The Restructuring Costs appropriation includes funding to support the collective bargaining process, workforce adjustment and government restructuring costs and other expenses which cannot be directly attributed to a particular government department. There was an overall improvement of $70.6 million in the appropriation in fiscal 1999-2000 because during the year the Province adopted two new accounting policies related to employee benefit expenses and liabilities. The Province now records its pension expense for the year based on the cost of pensionable service earned by the employees for that year. In addition, the Province now recognizes the deficiency in the Long-Term Disability Fund. As a result of these changes, a recovery in the amount of $65.5 million was recorded in Restructuring Costs as the impact of these changes cannot be allocated to individual departments.

The Department of Economic Development was over-spent by $29.0 million in fiscal 1999-2000, primarily because of business assistance, including a $10.2 million payment to Stora Enso, and an increase in the provision for possible loan losses as the result of a review of the department's loan portfolio.

The Department of Education was over budget by $96.0 million in fiscal 1999-2000. The largest portion of the over-expenditure, $84.9 million, resulted from a change in the accounting treatment of the P3 facilities. The accounting review of the leases re-classified the expenditure as a capital lease, which had to be recorded as an expense in 1999-2000. Student assistance was over-spent by $14.2 million as a result of utilization exceeding budget and as a result of "grand-fathering" eligible applicants prior to the cancellation of the loan remission program on April 1, 2000. Also, there was $3.2 million in emergency capital construction undertaken that was not budgeted and there was a $3.2 million over-expenditure in capital construction expenditures as a result of approved projects that were over budget.

Additional funding was required for public education as a result of a number of one time charges including: an additional $14.9 million of school board expenditures recognized during funding negotiations in April, 2000; $6.5 million in additional expenditures incurred to settle outstanding P3 claims relating to extra expenses for additional square footage, delays and site costs; and, increased medical insurance premiums for teachers of $1.2 million. Off-setting these additional expenditures was the transfer of the responsibility for $30.2 million in payments to the Teachers' Pension Fund to the Department of Finance.

Net Program Expenditures -
Consolidated Fund
1992-1993 to 1999-2000
($ millions)



Community Services was over-spent by $3.1 million in 1999-2000. The factors contributing to the over-spending include the Heating Fuel Rebate program, which was not included in the department's original budget and amounted to $0.75 million. Also, costs associated with the funding framework for the Long Term Care sector, as well as the increased special needs of the clients in these facilities increased spending in this area by $6.0 million. Savings resulting from the delay in construction of the Secure Treatment Facility, as well as other administrative economies, partially offset the over-expenditure in the department.

The over-expenditure of $2.7 million in Justice represents ongoing costs with respect to the investigation of allegations of abuse at the Shelburne Youth Centre. The Technology and Science Secretariat was over-spent by $19.1 million because the accounting review of the lease for the new Trunked Mobile Radio System classified the expenditure as a capital lease. Therefore, the acquisition of the infrastructure for the system had to be recorded as an expense in 1999-2000. Also, the Emergency Measures Organization of Nova Scotia and Government Contributions to Benefit Plans appropriations recorded over-expenditures of less than $0.2 million each. These increases in spending were offset, in part, by savings totaling nearly $3.6 million in the remaining Public Service appropriations.

The Department of Health finished fiscal 1999-2000 slightly less than $3.2 million under-budget. Throughout the year, the department experienced $23.1 million in budget increases due to higher costs in Emergency Health Services, its Home Care Program and Long Term Care Program and through the loss of a federal subsidy. However, these increases were more than offset by savings in insured medical programs and information technology expenditures for the Year 2000, increased revenues from third party levies, and various other savings throughout the department.

Natural Resources achieved total budget savings of $2.4 million. These savings were achieved throughout the department and are primarily the result of delayed hiring and reduced purchasing.

Transportation and Public Works was under-budget in fiscal 1999-2000 by just under $3.3 million. The Real Property Division achieved $1.3 million in savings through lower leasing costs and higher than anticipated revenues in the Enterprise Development section. Savings on various construction projects realized a further $1.275 million. The department saved a further $0.5 million in administrative savings.

Analysis of Appropriations Relative to the Appropriations Act, 1999

($ thousands)

	*Resolution Number **	*Budget*	*Actual*	*Variance*	*Additional Appropriation Required*
Net Program Expenditures					
Agriculture and Marketing	1	42,238	42,223	(15)	
Business and Consumer Services	2	33,135	32,037	(1,098)	
Community Services	3	580,173	583,228	3,055	3,055
Economic Development	4	60,268	89,263	28,995	28,995
Education	5	873,746	969,747	96,001	96,001
Assistance to Universities	6	197,232	197,232	—	
Environment	7	15,678	15,437	(241)	
Finance	8	9,941	8,938	(1,003)	
Fisheries and Aquaculture	10	9,396	8,899	(497)	
Health	11	1,770,630	1,767,440	(3,190)	
Housing and Municipal Affairs	12	101,938	101,923	(15)	
Human Resources	13	4,334	3,934	(400)	
Justice	14	82,582	85,250	2,668	2,668
Labour	15	11,040	8,993	(2,047)	
Natural Resources	16	56,707	55,414	(1,293)	
Communications Nova Scotia	17	2,068	1,825	(243)	
Emergency Measures Organization of Nova Scotia	18	1,246	1,418	172	172
Executive Council	19	7,406	6,325	(1,081)	
FOIPOP Review Office	20	185	129	(56)	
Government Contributions to Benefit Plans	21	3,842	3,986	144	144
Human Rights Commission	22	1,700	1,572	(128)	
Legislative Services	23	19,798	19,174	(624)	
Nova Scotia Advisory Council on the Status of Women	24	699	586	(113)	
Nova Scotia Alcohol and Gaming Authority	25	5,819	5,635	(184)	
Nova Scotia Boxing Authority	26	65	34	(31)	
Nova Scotia Petroleum Directorate	27	6,289	5,886	(403)	
Nova Scotia Police Commission	28	280	267	(13)	
Nova Scotia Securities Commission	29	916	868	(48)	
Nova Scotia Sport and Recreation Commission	30	6,820	6,818	(2)	
Nova Scotia Utility and Review Board	31	2,409	2,409	—	
Office of the Auditor General	32	1,837	1,722	(115)	
Office of the Ombudsman	33	752	652	(100)	
Public Prosecution Service	34	11,047	10,623	(424)	
Technology and Science Secretariat	35	12,837	31,959	19,122	19,122
Tourism and Culture	36	40,456	40,423	(33)	
Transportation and Public Works	37	239,568	236,303	(3,265)	
Restructuring Costs	38	16,100	(54,476)	(70,576)	

* - Refers to the Resolution Number in the Appropriations Act, 1999.

Analysis of Appropriations Relative to the Appropriations Act, 1999

(continued)

($ thousands)

	*Resolution Number **	*Budget*	*Actual*	*Variance*	*Additional Appropriation Required*
Other Appropriations					
Debt Servicing Costs	9	949,252	975,781	26,529	26,529
Sinking Fund Instalments and Serial Retirements	39	243,601	250,287	6,686	6,686
Restatement of Prior Years' Operating Results	40	370,100	363,333	(6,767)	
Capital Advances, Department of Agriculture and Marketing	41	45	45	—	
Canada-Nova Scotia (Offshore) Development Fund	42	4,222	1,865	(2,357)	
Unusual Item		—	475,300	475,300	475,300

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* - Refers to the Resolution Number in the Appropriations Act, 1999.

Debt Review

In fiscal 1999-2000, the Province of Nova Scotia posted a $773.2 million provincial deficit. In fiscal 2000-2001, the Province tabled a budget with a deficit of $268.1 million. The Net Direct Debt of the Province as of March 31, 2000 was $11.2 billion, an increase of $908.6 million from a year earlier. The Province's Net Direct Debt to Gross Domestic Product ratio increased to 47.8 percent at March 31, 2000 from 45.9 percent a year earlier.

Capital Markets Issuance Initiatives

The Province of Nova Scotia borrowed $1.507 billion in fiscal year 1999-2000. This borrowing program was large in the context of the Province's borrowing history but included pre-borrowing for the 2000-2001 fiscal year. The borrowing was used to fund the budgetary deficit, to pay debt that matured during the fiscal year, and to contribute to the Province's sinking funds and Public Debt Retirement Funds (one each in Canadian and United States dollars) for the future repayment of debt.

The Province raised the majority of these funds in the domestic Canadian public market, private placements and structured notes under the Province's domestic medium term note program. Two transactions in European markets were also completed during the fiscal year raising approximately $322.0 million. One of the transactions in European markets was in the Euro currency on a fully swapped basis to Canadian dollars.

Provinces participating in the Canada Pension Plan had borrowed monies from the plan up to 1992. Amendments to the CPP in 1997 provided for an option to participating provinces to roll-over existing debt with the CPP at market interest rates for a further 20 year term. The Province of Nova Scotia exercised its option to refinance $73.9 million with the Canada Pension Plan Investment Board in 1999-2000.

Financial Risk Management

In fiscal 1999-2000, the Province reduced its exposure to foreign currency in the gross debt portfolio to 35.6 percent at March 31, 2000 from 51 percent at March 31, 1999. This action marks a significant improvement in the Province's foreign currency exposure that stood at 72 percent at March 31, 1995. With no further active management of the debt portfolio, at the March 31, 2000 level of exchange rates, the Province will meet its objective of 20 percent foreign exchange exposure by March 31, 2005.

The Province also reduced its exposure to short-term interest rates in the debt portfolio to 16 percent from 19 percent a year earlier. This reduction continued the actions of the Province in the previous fiscal year to reduce its exposure to short-term interest rates.

Debt Servicing Costs

Net Debt Servicing Costs in 1999-2000 were $827.1 million, an increase of $27.6 million over the original budget. This increase consists primarily of $18.4 million from the re-classification of interest payments on Teachers' Pension Plan contributions to debt servicing costs that were previously recorded as an expenditure by the Department of Education. In addition, the interest component on P3 school capital leases which amounted to $2.6 million and was previously reported as expenditure by the Department of Education, was re-classified as debt servicing costs. The remainder of the changes in Net Debt Servicing Costs were from numerous factors, such as fluctuations in exchange and interest rates.

Net Debt Servicing Costs - Consolidated Fund

($ millions)

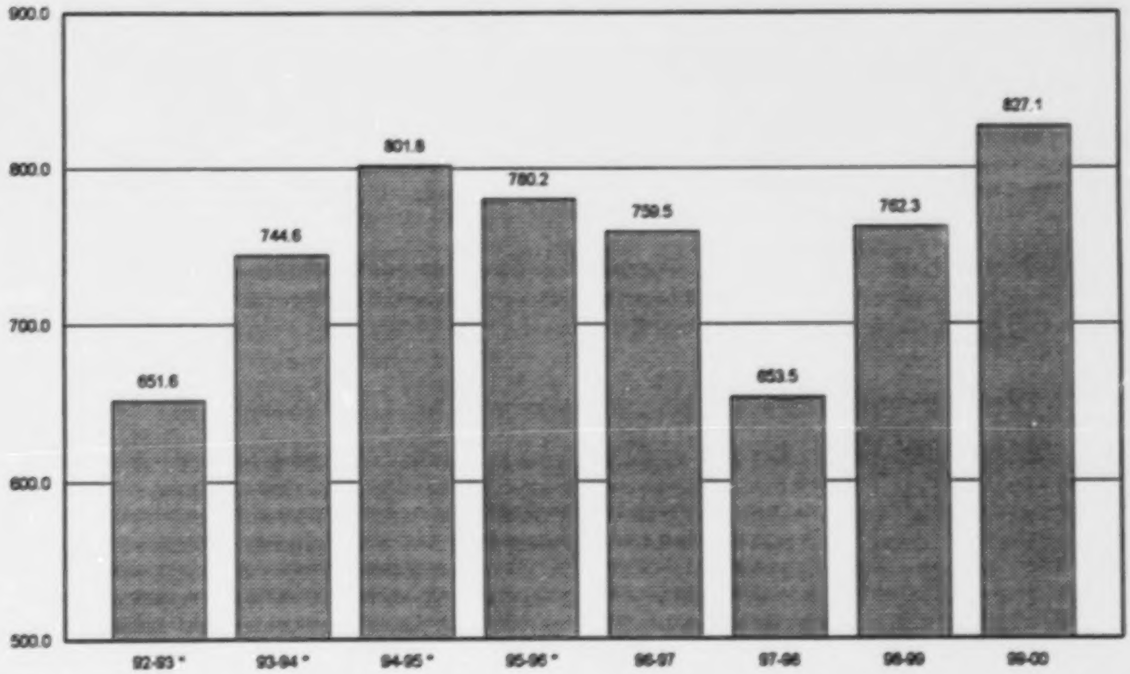
	ACTUAL *1998-1999* *(as restated)*	*ESTIMATE* *1999-2000*	*ACTUAL* *1999-2000*	*VARIANCE* *Increase* *(Decrease)*
Gross Debt Servicing Costs	909.0	949.2	975.8	26.6
Less: Sinking Fund Earnings	146.7	149.7	148.7	(1.0)
Net Debt Servicing Costs	**762.3**	**799.5**	**827.1**	**27.6**

Note: The Province budgets its debt servicing costs on a gross basis less earnings on the Public Debt Retirement Fund. Sinking Fund Earnings are reflected in the Statement of Revenues and Expenditures.

Net Debt Servicing Costs - Consolidated Fund

1992-1993 to 1999-2000

($ millions)



* The fiscal years 1992-1993, 1993-1994, 1994-1995 and 1995-1996 have not been restated to reflect the accounting changes related to Foreign Exchange Gains/(Losses).

Debenture Debt

The Province's Net Debenture Debt (outstanding debentures less sinking funds and the Public Debt Retirement Fund) was $12.45 billion in Canadian dollar equivalent at the rate of exchange in effect on March 31, 2000. Of this amount, $520.8 million represents the difference between the exchange rate at the issue date of foreign currency debt and the rate of exchange in effect on March 31, 2000. This amount will fluctuate from year-to-year based on exchange rates in effect at year-end.

The Province of Nova Scotia provides sinking fund instalments for all debenture and medium term note issues. Annual sinking fund instalments range from 1 to 3 percent of the original issue and are designed to fully fund the issue over 20 years or the life of the issue, whichever is longer. Sinking funds are treated as trust funds and are used solely for debt retirement. Sinking funds related to US dollar debt are invested in US dollar denominated securities.

Debenture Debt, Sinking Funds and Debt Retirement Funds

($ millions)

	Outstanding Debentures	*Sinking and Retirement Funds*
	(CDN$ Equivalents)	
Debentures Payable in Canadian Dollars		
Canada Pension Plan Investment Fund	1,173.1	543.2
Other Issues	6,551.4	510.2
United States Dollars	3,845.4	591.7
Other Foreign Currencies	880.5	280.4
Debt Retirement Funds	—	944.0
	12,450.4	**2,869.5**

Long-Term debt issued by way of debentures are subject to a legislative authority to borrow through the Appropriations Act. Unused portions of these authorities carry forward to be used in future years. In 1999-2000, the Province borrowed (face value) $951.0 million in long-term debentures, all of which was applied to the 1998 authority. At March 31, 2000, $72.9 million remains in authority from the 1998 Appropriations Act, as well as the full amount of the authority from the 1999 Appropriations Act.

Statement of Borrowing Powers

as at March 31, 2000

($ millions)

	Amount of Issue	*1998-1999*	*1999-2000*
Balance of Authority from Previous Fiscal Years		—	72,939
Authority Approved for the Fiscal Year		1,500,000	1,500,000
Authority Used in Prior Fiscal Years:			
Year ended March 31, 1999		476,037	—
Balance of Authority at April 1st		1,023,963	1,572,939
Authority Used in the Current Fiscal Year:			
Debenture Series A5	300,000	300,000	—
Debenture Series A6	250,000	250,000	—
Debenture Series A7	300,000	300,000	—
Debenture Series CP36	27,102	27,102	—
Debenture Series CP37	73,922	73,922	—
		951,024	—
Balance of Authority at March 31st		72,939	1,572,939

Additional Borrowing Powers:

- Cape Breton Industrial Assistance Act - Chapter 60, R.S.N.S. 1989
- Housing Act - Chapter 211, R.S.N.S. 1989
- Housing Development Corporation Act - Chapter 213, R.S.N.S. 1989
- Municipal Finance Corporation Act - Chapter 301, R.S.N.S.1989
- Sydney Steel Corporation Act - Chapter 456, R.S.N.S 1989
- Finance Act - 5, 47, Chapter 365, R.S.N.S 1989 (OIC #95-786, #90-1002)

Economic Information

Economic Indicators

	1995	1996	1997	1998	1999	2000
Gross Domestic Product at Market Prices *($ millions)*	19,263	19,436	20,195	21,110	22,407	23,483
Annual % Change	3.4	0.9	3.9	4.5	6.1	4.8
Gross Domestic Product at Market Prices *(Constant 1992 $ millions)*	18,578	18,641	19,242	19,828	20,865	21,366
Annual % Change	1.8	0.3	3.2	3.0	5.2	2.4
Personal Income *($ millions)*	18,486	18,573	19,139	19,981	20,837	21,691
Annual % Change	2.3	0.5	3.0	4.4	4.3	4.1
Consumer Price Index - Nova Scotia *(Annual % Change)*	1.5	1.7	2.1	0.6	1.7	2.2
Population *(thousands of persons)*	928	931	935	936	939	941

Source: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PIB
Nova Scotia Department of Finance

Note: The 2000 forecast takes into account Statistics Canada's Provincial Economic Accounts data, released on October 31, 2000.

Economic Performance

Output

Business investment spending, export trade, and tourism continued to propel Nova Scotia's economic performance in 1999. These were augmented by resurgence in government sector spending on goods and services. Statistics Canada reported in their recently released economic accounts data that the province's real gross domestic product (GDP) growth accelerated to 5.2 percent. This performance occurred on top of the upward-revised growth rate of 3.0 percent for 1998.

Business capital investment spending increased 25.4 percent on an inflation-adjusted basis. The key driving factor was the construction of Tier I of the Sable Offshore Energy Project and the natural gas transmission pipeline. By year-end, these facilities had been completed and in service. Additional impetus to capital spending came from Y2K-related investments and a rebound in residential construction activity.

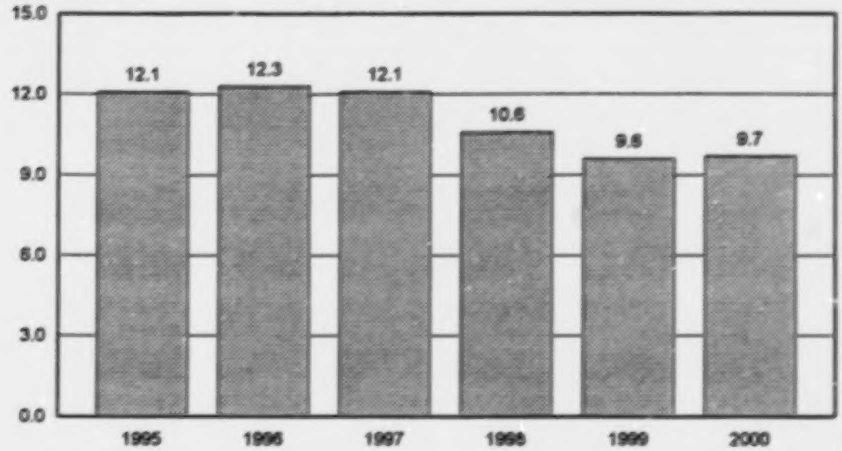
The value of exports of goods and services, on an inflation-adjusted basis, to all destinations outside Nova Scotia grew 7.9 percent in 1999. This growth was due primarily to exports to other provinces rather than to other countries. Exports to other provinces were up 13.4 percent compared to 3.2 percent to other countries.

The province's tourism industry experienced another record-breaking year in 1999. Tourism receipts reached $1.256 billion, an increase of 14 percent over 1998. The industry benefited from favourable exchange rates and robust economic conditions in North America.

Labour Markets

In 1999, employment increased by 2.4 percent to 408,600. This net gain was mostly in full-time jobs. The labour force grew by 1.3 percent, a rate of growth appreciably lower than the growth in jobs. Consequently, the unemployment rate in 1999 declined to 9.6 percent from 10.6 percent in the previous year.

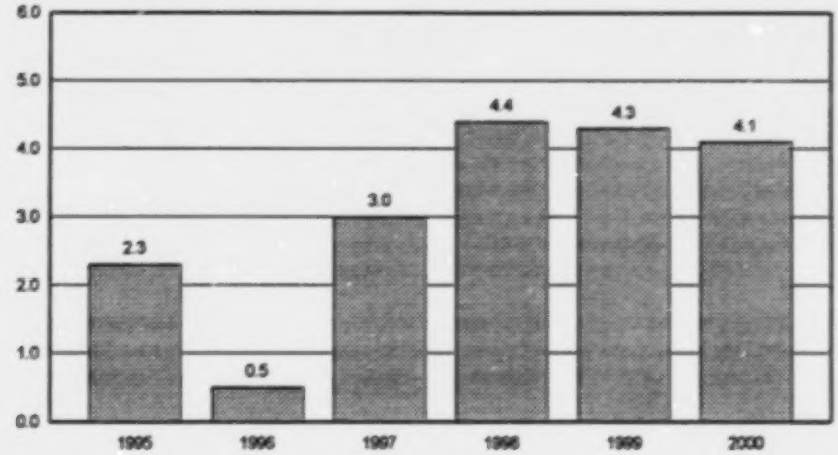
Unemployment Rate
(percent)



Income and Consumer Spending

Personal income grew 4.3 percent in 1999, virtually matching the growth of the previous year. Labour income, the largest component of personal income, posted a gain of 6.1 percent. Personal income adjusted for changes in the Consumer Price Index advanced 2.6 percent.

Personal Income Growth
(percent)



Another year of solid employment and income growth encouraged consumer confidence in the province. Retail sales posted a gain of 5.8 percent supported by the fourth consecutive year of double-digit growth in new motor vehicle sales. The total value of consumer spending on all goods and services was up 4.7 percent. Housing starts also bounced back in 1999, to record an increase of 35.5 percent.

Industry Performance

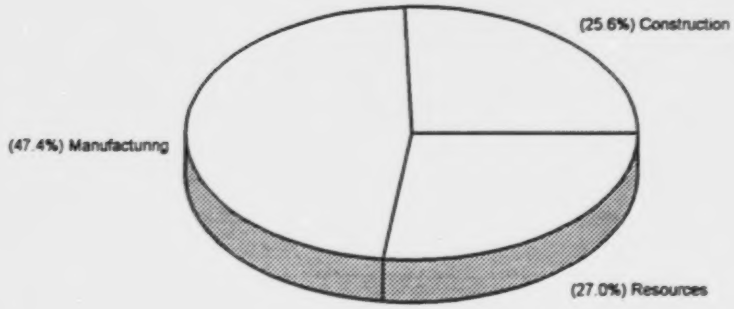
Goods Industries Output

Goods-producing industries contributed 24.6 percent of the total output of final goods and services in the Nova Scotia economy in 1999, up slightly from 23.8 percent in 1998. The value of total output from goods-producing industries was up 8.5 percent in real (constant 1992) dollars in 1999.

Among goods-producing sectors, the largest increase in output was posted in the construction sector at 15.1 percent. This was mainly due to construction activities related to Sable gas development. Manufacturing output grew 9.6 percent in 1999, up from 2.5 percent in 1998. Forest products and railcar manufacture continued to be leading sources of growth of output in the manufacturing sector. Performance in the resource industry sectors was mixed. Output declined in fishing, forestry, and mining, while agriculture and utilities both realized positive growth for the year.

Goods Industries GDP 1999

(as a % of Total Goods GDP)



Services Industries Output

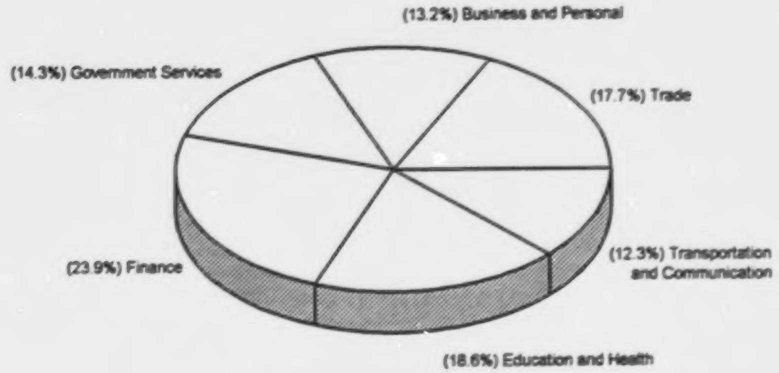
Nova Scotia is predominantly a service-sector economy. Services industries accounted for about 75.4 percent of Nova Scotia's output and registered a 4.1 percent gain in output in 1999.

The public sector is the largest component of the services sector: government services (public administration and national defence), education and health accounted for a combined 32.9 percent of service sector output, down from 34.1 percent in 1998. In 1999, the combined output of education and health and social services sector was unchanged compared to the previous year. By contrast, positive growth in the government services sector resumed, after five consecutive years of declining output.

The strongest growth in the service sector occurred in transportation and communication, which grew by 10.2 percent over 1998 and in wholesale and retail trade combined, which grew by 9.9 percent. Output in the business and personal services sector was up 3.8 percent. The finance, insurance, and real estate sector registered an increase of 3.0 percent. The robust performance across the private sector services industries 1999 is attributed to many factors, including, business opportunities from the development of offshore natural gas, growth in the information and communication technology sector, continued upswing in tourism, and improvement in real estate activity.

Services Industries GDP 1999

(as a % of Total Services GDP)



This document and other financial information may be obtained on the Department of Finance website at:

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Public Accounts

VOLUME 2 – AGENCIES AND FUNDS

Province of Nova Scotia

for the Fiscal Year Ended March 31, 2000

Printed by Order of the Legislature

Halifax, Nova Scotia, 2000

PROVINCE OF NOVA SCOTIA
TABLE OF CONTENTS
AGENCIES AND FUNDS

Annapolis Valley Regional School Board 4
Art Gallery of Nova Scotia 19
Bedford Waterfront Development Corporation 30
Cape Breton Health Care Complex 39
Cape Breton Victoria Regional School Board 47
Central Regional Health Board 62
Check Inns Limited 75
Chignecto-Central Regional School Board 77
Collége de l'Acadie 92
Conseil scolaire acadien provincial 103
Eastern Regional Health Board 115
Environmental Trust Fund 126
Fisheries and Aquaculture Development Fund 129
Halifax-Dartmouth Bridge Commission 135
Halifax Regional School Board 143
Highway 104 Western Alignment Corporation 160
Housing Development Corporation 169
Housing Development Fund 176
Industrial Expansion Fund 179
Insured Prescription Drug Plan Trust Fund 186
Izaak Walton Killam Grace Health Centre 190
Law Reform Commission 199
Members' Retiring Allowances Act 201
Northern Regional Health Board 205
Nova Scotia Alcohol & Gaming Authority 214
Nova Scotia Arts Council 219
Nova Scotia Business Development Corporation 230
Nova Scotia Community College 237
Nova Scotia Crop and Livestock Insurance Commission 246
Nova Scotia Farm Loan Board 254
Nova Scotia Film Development Corporation 260
Nova Scotia Freedom of Information & Protection of Privacy Review Office 267
Nova Scotia Gaming Corporation 272
Nova Scotia Gaming Foundation 288
Nova Scotia Harness Racing Incorporated 292
Nova Scotia Hospital 296

Nova Scotia Innovation Corporation 306
Nova Scotia Legal Aid Commission 317
Nova Scotia Liquor Commission 327
Nova Scotia Municipal Finance Corporation 332
Nova Scotia Police Commission 341
Nova Scotia Power Finance Corporation 347
Nova Scotia Primary Forest Products Marketing Board 354
Nova Scotia Public Service LTD Trust Fund 359
Nova Scotia Resources Limited 364
Nova Scotia Talent Trust 373
Nova Scotia Teachers' Pension 377
Nova Scotia Utility and Review Board 385
Novaco Limited 393
Provincial Community Pasture Board 396
Provincial Drug Distribution Program 400
Provincial Resort Hotels 405
Public Archives of Nova Scotia 407
Public Service Superannuation Fund 412
Public Trustee Trust Funds 420
Queen Elizabeth II Health Sciences Centre 425
Resource Recovery Fund Board Inc. 437
Sherbrooke Restoration Commission 446
Southwest Regional School Board 453
Strait Regional School Board 474
Sydney Environmental Resources Limited 485
Sydney Steel Corporation 489
Tidal Power Corporation 495
Trade Centre Limited 497
Transportation Trust Fund 504
Upper Clements Family Theme Park Limited 505
Victims' Assistance Fund 508
Waterfront Development Corporation Limited 509
Western Regional Health Board 517
Workers' Compensation Board of Nova Scotia 527

AUDITORS' REPORT

To the Chairman and Members of
Annapolis Valley Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Annapolis Valley Regional School Board as at March 31, 2000, and the statements of operations for the year ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

The comparative figures have been reported on by another firm of Chartered Accountants.

MACKENZIE, MORSE AND BREWSTER
Chartered Accountants

Berwick, Nova Scotia
June 15, 2000

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
as at March 31,2000

ASSETS	2000	1999
Current		
Cash	$ 5,550	$ 5,550
Receivables		
Province of Nova Scotia	6,233,965	1,544,661
Gov't of Canada	792,216	806,262
Other school boards	289,886	315,979
Municipalities	---	668
Other	1,367,241	912,298
Current portion of note	32,627	108,756
Due from Trust Funds	18,465	20,009
Prepaid expenses	43,159	332,833
Inventories	119,459	117,173
Deferred charges - service awards	---	460,314
	8,902,568	4,624,503
Restricted cash & investments (Note 2)	34,560	27,394
Note receivable (Note 3)	---	32,627
Deferred charges - long term-service awards (Note 4)	---	425,996
Fixed assets at cost		
School property & equipment (Note 1)	81,796,859	84,806,867
School buses & other vehicles (Note 1)	4,592,652	4,290,065
	$ 95,326,639	$ 94,207,452

LIABILITIES

	2000	1999
Current		
Bank Indebtedness	$ 5,310,592	$ 3,509,057
Payables and accruals		
Trade	1,386,403	623,447
Other	840,623	544,782
Deferred Revenue	754,166	664,843
	8,291,784	5,342,129
Commitment to Early Retirement Program (Note 5)	18,526,149	18,526,149
Term Debt		
Board debenture debt (Note 6)	---	89,014
Capital Lease (Note 6)	266,639	401,983
	27,084,572	24,359,275

EQUITY

	2000	1999
Investment in Capital Assets	86,122,872	88,605,935
Surplus (Deficit) - Non Restricted	---	(389,234)
Surplus - Restricted (Cafeteria)	34,560	27,394
Reserves	610,784	130,231
Deficiency in Early Retirement Program	(18,526,149)	(18,526,149)
	68,242,067	69,848,177
	$ 95,326,639	$ 94,207,452

Contingencies (Note 8)
Commitments (Note 10)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Statement of Operations
for the year ended March 31, 2000

		2000		
	Page	Budget	Actual	1999 Actual
Revenue				
Province of Nova Scotia	11	$ 69,815,520	$ 73,798,491	$ 68,565,719
Government of Canada	11	780,705	665,477	808,408
Appropriations from Councils	11	14,528,557	14,528,569	14,183,941
Board Operations	11	2,702,055	3,504,178	3,282,268
Transfer from Reserves	9	---	116,385	6,048
Transfer from Surplus	6	---	---	---
		87,826,837	92,613,100	86,846,384
Expenditures				
Regional Board Management	12	2,554,154	2,434,110	2,201,952
School Admin. & Instruction	12	58,562,881	60,528,973	57,578,905
School Cafeterias	13	1,076,000	1,070,626	1,049,605
Property Services	13	7,388,315	8,032,549	6,816,257
Pupil Transportation	13	6,270,939	6,497,591	6,128,211
Special Education	14	9,514,600	9,691,064	9,091,746
Adult Education	14	1,300,875	1,612,278	1,475,667
Federal Programs	14	60,298	60,968	51,098
Capital Purchases	14	616,722	1,605,972	818,313
Debt Service Costs	14	92,802	92,797	162,877
Prior Year's Deficit		389,251	389,234	1,842,198
		87,826,837	92,016,162	87,216,829
Excess (deficiency) of revenue over expenditure before transfer to reserves		---	596,938	(370,445)
Transfer to reserves	10	---	(596,938)	(18,789)
Excess (deficiency) of revenue over expenditure		$ ---	$ ---	$ (389,234)

Statement of Continuity of Surplus (Deficit)
for the year ended March 31, 2000

	2000	1999
Balance, beginning of period	$ (389,234)	$ (1,842,198)
Transfer to current operations	389,234	1,842,198
	$ ---	$ ---
Excess (deficiency) of revenue over expenditures	$ ---	$ (389,234)
Balance, end of period	$ ---	$ (389,234)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current		
Cash	$ 5,550	$ 5,550
Receivables		
Province of Nova Scotia	6,058,800	1,186,304
Government of Canada	792,216	806,262
Due from other Boards	289,886	315,979
Due from Municipalities	—	668
Other	1,367,241	912,298
Note Receivable	32,627	108,756
Due from Capital Fund	175,165	358,357
Due from Trust Funds	18,465	20,009
Inventories, at cost	119,459	117,173
Prepaid expenses	43,159	332,833
Deferred Charges - Service Awards	—	460,314
	8,902,568	4,624,503
Note receivables (Note 3)	—	32,627
Deferred charges - long term-Service Awards (Note 4)	—	425,996
Restricted cash & Investments (Note 2)	34,560	27,394
	$ 8,937,128	$ 5,110,520

LIABILITIES

	2000	1999
Current		
Bank Indebtedness	$ 5,310,592	$ 3,509,057
Payables and accruals		
Trade	1,386,403	623,447
Other	840,623	544,782
Deferred Revenue	754,166	664,843
	8,291,784	5,342,129
Due to Reserve Fund	610,784	130,231
Commitment of ERP (Note 5)	18,526,149	18,526,149
	27,428,717	23,998,509

EQUITY

	2000	1999
Surplus - Restricted (Cafeteria)	34,560	27,394
Surplus (Deficit) - Non Restricted	—	(389,234)
Deficiency in ERP	(18,526,149)	(18,526,149)
	(18,491,589)	(18,887,989)
	$ 8,937,128	$ 5,110,520

Contingencies (Note 8)
Commitments (Note 10)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Accounts Receivable		
Due from Province of NS	$ 175,165	$ 358,357
Fixed assets, at cost		
Land, buildings and improvements (Note 1)	73,496,635	76,781,698
Equipment and furnishings	8,300,224	8,025,169
School buses and other vehicles	4,592,652	4,290,065
	$ 86,564,676	$ 89,455,289

LIABILITIES

	2000	1999
Due to operating fund	$ 175,165	$ 358,357
Term debt		
Board debenture debt (Note 6)	---	89,014
Capital Lease (Note 6)	266,639	401,983

EQUITY

	2000	1999
Investment in capital assets	86,122,872	88,605,935
	$ 86,564,676	$ 89,455,289

Statement of Continuity of Investment in Capital Assets
for the year ended March 31, 2000

	2000	1999
Balance, beginning of period	$ 88,605,935	$ 87,365,167
Capital Expenditures:		
Land, Buildings & Improvements		
Capital Grant, L E Shaw Project	10,618	157,638
Capital Grant, Middleton Bus Garage	---	133,886
Capital Grant Renovation Projects	76	66,833
	10,694	358,357
Capital expenditures from operating:		
School buses	421,232	282,285
Equipment and furnishings	386,792	148,841
Land, building & Improvements	768,292	387,187
	1,576,316	818,313
Retirement of debt:		
Debt	89,014	145,990
	89,014	145,990
Retirement of fixed assets:		
Disposal of Building	(4,040,442)	---
School buses	(118,645)	(81,892)
	(2,483,063)	1,240,768
Balance, end of period	$ 86,122,872	$ 88,605,935

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Reserve Fund Balance Sheet
as at March 31, 2000

ASSETS

		2000		1999
Due from Operating Fund	$	610,784	$	130,231
	$	610,784	$	130,231

EQUITY

Special Capital	$	96,938	$	---
Reserves for program enhancement:				
School Bus Disposal		9,132		9,132
KCDSB History		2,000		2,000
Teacher Education Fund		---		116,385
Prof. Development - Kings		2,714		2,714
Future Operations		500,000		---
	$	610,784	$	130,231

Statement of Continuity of Reserves
For the year ended March 31, 2000

		Balance at March 31,1999		Transfers from Operating		Transfers to Operating		Balance at March 31, 2000
Special Capital	$	---	$	96,938	$	---	$	96,938
School Bus Disposal		9,132		---		---		9,132
KCDSB History		2,000		---		---		2,000
Teacher Education Fund		116,385		---		116,385		---
Prof. Development - Kings		2,714		---		---		2,714
Future Operations		---		500,000		---		500,000
	$	130,231	$	596,938	$	116,385	$	610,784

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Trust Funds Balance Sheet
as at March 31, 2000

ASSETS

		2000		1999
Cash	$	554,686	$	489,890
Investments, at cost		3,700		3,700
Due from (to) operating account		(18,465)		(20,009)
	$	539,921	$	473,581

EQUITY

		2000		1999
Trust funds (Note 7)	$	539,921	$	473,581

Statement of Trust Funds
for the year ended March 31, 2000

		2000		1999
Balance, beginning of period	$	473,581	$	365,837
Donations received		112,691		152,900
Interest earned		23,737		23,444
Disbursements		(70,088)		(68,600)
Balance, end of period	$	539,921	$	473,581

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Revenues
for the year ended March 31, 2000

	2000		
	Budget	Actual	1999 Actual
PROVINCE OF NOVA SCOTIA			
General Formula	$ 62,857,878	$ 62,857,912	$ 55,784,967
Pupil transportation	---	---	4,981,500
Special education	4,862,300	4,862,300	4,654,534
Textbook Allocation	750,600	750,600	750,618
French special project	12,442	13,439	21,532
French Immersion	57,600	37,083	33,334
Bus purchase grant	600,600	600,600	600,600
Emergency capital grants	---	140,000	224,000
Capital debt	---	---	54,634
Other	674,100	4,536,557	1,460,000
	$ 69,815,520	$ 73,798,491	$ 68,565,719
GOVERNMENT OF CANADA			
Human Resources Development	$ 419,622	$ 316,864	$ 470,725
Native students	150,282	171,292	110,975
Secretary of State:			
Minority Language	45,000	33,024	43,650
French Special Projects	21,801	52,809	21,529
French Immersion	144,000	92,039	83,335
Co-Op Education	---	---	8,725
Other	—	(551)	69,469
	$ 780,705	$ 665,477	$ 808,408
APPROPRIATIONS FROM COUNCILS			
Mandatory			
Town of Annapolis Royal	$ 80,319	$ 80,319	$ 85,150
Town of Berwick	328,055	328,055	330,744
Town of Bridgetown	109,501	109,501	111,243
Town of Hantsport	182,898	182,898	166,313
Town of Kentville	790,623	791,591	748,873
Town of Middleton	255,964	255,964	244,185
Town of Windsor	480,028	480,040	454,773
Town of Wolfville	454,826	444,181	484,754
Municipality of Annapolis	2,333,416	2,333,416	2,306,161
Municipality of Kings	7,920,745	7,930,422	7,695,442
Municipality of West Hants	1,592,182	1,592,182	1,556,303
	$ 14,528,557	$ 14,528,569	$ 14,183,941
BOARD OPERATIONS			
Investment interest	$ —	$ 12,798	$ 69,478
Cafeterias	1,076,000	1,055,873	1,055,102
Adult Education Fees & Revenues	712,866	988,210	741,574
Tuition	---	—	22,628
Facility and Bus Rental	30,000	21,134	29,743
Sale of Assets	1,000	576	352
Other Fees & revenues	882,189	1,425,587	1,363,391
	$ 2,702,055	$ 3,504,178	$ 3,282,268

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures
for the year ended March 31, 2000

	2000		
	Budget	Actual	1999 Actual
REGIONAL BOARD MANAGEMENT			
Salaries and Wages	$ 1,296,748	$ 1,250,575	$ 1,126,183
Board Member expense	105,000	107,258	105,000
Employee benefits	158,595	172,735	128,086
Supplies and materials	124,950	112,338	117,746
Telephone	72,600	11,349	35,164
Travel and conference - staff	62,280	49,178	53,310
Travel and conference - board	56,160	50,740	49,931
Insurance	103,800	104,250	96,141
Professional fees	114,500	117,010	123,182
Contracted Services	31,500	20,914	56,281
Office Rental & Maintenance	145,000	150,523	141,610
Advertising and Promotion	44,000	48,949	45,614
Equipment Contracts	4,000	4,418	3,629
NSSBA & Other Dues & Fees	91,221	87,768	89,007
In-Service & Prof. Development	18,000	15,447	10,636
Occupational Health & Safety	75,300	80,285	---
Bank charges	25,000	34,843	46
Other	25,500	15,530	20,386
	$ 2,554,154	$ 2,434,110	$ 2,201,952
SCHOOL ADMINISTRATION & INSTRUCTION			
Salaries and Wages			
Administration	$ 4,780,086	$ 4,805,847	$ 4,623,013
Instructional	39,994,171	40,436,483	39,344,128
Substitutes	1,508,600	1,931,360	1,603,073
Sabbatical	252,077	364,026	292,072
Library	723,105	696,382	646,662
Guidance	881,979	901,609	869,228
Clerical	1,698,808	1,586,062	1,400,484
Other	1,263,654	1,457,310	1,089,318
Employee Benefits	2,890,453	3,109,576	3,184,152
Professional Development	431,976	457,300	317,056
Service Awards	547,814	1,071,662	437,761
Supplies and Materials	1,296,669	1,501,421	1,480,395
Inservice training	141,400	182,526	124,520
Conference grants	125,268	88,247	97,488
Travel and conferences	150,475	162,239	144,707
Telephone	257,474	226,746	289,040
Early Retirement Payments	---	---	---
Computer Services	147,370	294,486	386,605
Textbook Allocation	865,000	865,000	750,618
Library books and aids	77,096	60,086	63,426
Other	529,406	330,605	435,159
	$ 58,562,881	$ 60,528,973	$ 57,578,905

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
for the year ended March 31, 2000

	2000		
	Budget	Actual	1999 Actual
SCHOOL CAFETERIAS			
Salaries and Wages	$ 340,000	$ 343,290	$ 338,653
Employee Benefits	36,000	38,897	34,552
Food and materials	700,000	688,439	676,400
	$ 1,076,000	$ 1,070,626	$ 1,049,605
PROPERTY SERVICES			
Rental of Facilities P3	$ 598,500	$ 684,000	$ ---
Salaries and wages	2,137,529	2,205,129	2,095,813
Employee benefits	282,499	336,863	297,413
Supplies and materials	638,300	778,295	695,657
In-Service & Prof. Development	7,500	299	4,222
Travel and conferences	53,100	59,971	53,544
Insurance	170,887	170,887	179,018
Utilities	1,709,000	1,952,053	1,678,819
Contracted services - Maintenance	243,500	291,398	285,798
Contracted services - Custodial	1,355,000	1,396,708	1,258,923
Telephone	17,500	45,214	15,060
Computer Services	---	13,190	---
Other Expenses	175,000	98,542	251,990
	$ 7,388,315	$ 8,032,549	$ 6,816,257
PUPIL TRANSPORTATION			
Salaries and Wages	$ 1,672,540	$ 1,729,944	$ 1,706,948
Employee benefits	250,371	246,270	210,833
Vehicle operating:			
Gas and oil	152,380	160,951	151,763
Tires	39,630	37,381	47,908
Repairs and maintenance	172,620	157,226	170,057
License and insurance	42,000	42,977	41,837
Supplies and materials	86,660	110,509	81,364
Maintenance and utilities:			
Garages	29,600	32,587	29,420
Bus Site maintenance	2,500	2,253	2,573
Travel & conferences	16,023	19,207	16,531
Contract conveyance	3,767,115	3,965,033	3,680,017
Inservice training	6,000	4,870	5,900
Extra-curricular (Recoveries)	---	(48,709)	(54,377)
Telephone	8,500	11,565	5,557
Other	25,000	25,527	31,880
	$ 6,270,939	$ 6,497,591	$ 6,128,211

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
for the year ended March 31, 2000

	2000		
	Budget	Actual	1999 Actual
SPECIAL EDUCATION			
Salaries and Wages	$ 8,645,350	$ 8,851,038	$ 8,245,038
Employee benefits	677,631	667,382	657,658
Supplies and materials	101,439	75,073	75,686
Travel and conferences	43,200	63,096	51,445
Telephone	13,680	10,435	6,160
In Service & Prof. Development	20,000	13,740	15,764
Other	13,300	10,300	39,995
	$ 9,514,600	$ 9,691,064	$ 9,091,746
ADULT EDUCATION			
Salaries and wages	$ 927,475	$ 1,054,383	$ 939,836
Employee benefits	65,333	80,426	62,050
Supplies and materials	79,117	191,374	196,437
Travel and conferences	23,310	48,458	29,657
Facility Rental	139,700	125,099	131,711
Telephone	17,940	38,320	15,556
Inservice & Prof. Development	14,000	21,816	16,992
Computer Services	1,000	6,084	27,549
Advertising & Promotion	30,000	46,298	19,850
Other	3,000	20	36,029
	$ 1,300,875	$ 1,612,278	$ 1,475,667
FEDERAL PROGRAMS			
Co-op Education	$ 9,000	$ 8,232	$ 9,235
Reading Recovery	51,298	52,736	41,863
	$ 60,298	$ 60,968	$ 51,098
DEBT SERVICE COSTS			
Principal	$ 89,014	$ 89,014	$ 145,990
Interest	3,788	3,783	16,887
	$ 92,802	$ 92,797	$ 162,877
CAPITAL PURCHASES			
Repair and renovations	$ 23,190	$ 768,292	$ 483,997
Furniture and equipment	152,082	416,448	52,031
Transportation - buses	441,450	421,232	282,285
	$ 616,722	$ 1,605,972	$ 818,313

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Notes to the Financial Statements
March 31, 2000

1. Summary of significant accounting policies

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Department of Education School Board Financial Handbook.

Financial statement presentation

The financial statements to the Board have been prepared in accordance with the fund basis of accounting.

Basis of accounting

The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis. Teachers' salaries and those of non-teaching employees are recorded on the cash basis. No provision is made for the accrual of service award credits earned. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

School property, equipment, buses and other vehicles

School property, equipment and buses taken over from the Kings County District School Board which were previously transferred from the Kings County Amalgamated School Board and the Town of Hantsport have been recorded at costs to the Amalgamated Board and the Town respectively. Assets taken over from the Annapolis District School Board and Hants West District School Board which were formerly held by municipal units are recorded at their transferred amount.

Under the previous district school board agreements for the Annapolis and Hants West District School Boards, all school buildings and land on hand at December 31, 1981 remain assets of the municipal units but are under the operational control of the Board until such time as the Board no longer requires the asset for school board purposes. At that time control will revert back to the municipal units.

All major capital additions to school buildings on hand at December 31, 1981 and any new school construction commencing after that date are assets of the Board. As a result, the Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the school board under the circumstances noted above, a portion of the proceeds will be payable to the school board. In the event of the destruction of a building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the school board.

All capital additions and acquisitions since December 31, 1981 have been recorded at actual cost. Depreciation is not being recorded on the school buildings, equipment, buses or other vehicles.

2. Restricted cash and investments

Schedule of restricted cash and investments: Operating fund (pg. 6)	2000	1999
Surplus - Restricted (Cafeterias)	$ 34,560	$ 27,394

3. Note receivable

The board has a 9.75% note receivable maturing in June, 2000. Principal repayments for 2000-01 will total $32,627.

4. Deferred charges - Teacher Service Awards

At March 31, 2000, the Department of Education funded the remaining balance of $425,996 allowing them to be expensed with the 1999-2000 fiscal year.

5. Early Retirement Program

The Early Retirement plan (1994 - 1998) resulted in the regional school board providing the Teachers Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the regional school board to fulfill the annual obligation due under provisions of the Early Retirement Plan.

As at March 31, 2000 there were 208 teachers who had retired under the Early Retirement Program. The Board has recognized the remaining liability associated with these retirements in the amount of $18,526,149 as at March 31, 2000.

6. Board Lease Liability

Lease Liability

During 1998-99 the Annapolis Valley Regional School Board entered into two Capital Lease Agreements for equipment purchases. The remaining commitments for subsequent years are as follows:

2000-2001	$	151,535
2001-2002	$	115,104

7. Trust funds

The Annapolis Valley Regional School Board manages a number of trust funds primarily for the generation of scholarships and awards. The following is a summary of the trusts and their activity during the year. Effective April 1, 1997 the Board incorporated the activities of the former Kings County District School Board Foundation. These are now carried as a separate Trust Account.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Managed Trust Funds:

	March 31, 1999	Additions	Interest	Disburse-ments	March 31, 2000
ACES Trust . . . . $	3,988	---	163	1,000	3,151
ARRA Library Trust	5,462	70	261	---	5,793
Atkinson Trust	2,163	300	99	350	2,212
Bateman Trust	1,047	---	50	---	1,097
Beals Trust	94,842	22,404	5,191	2,300	120,137
Beattie Trust	10,450	---	491	450	10,491
Blackburn Trust	42	---	2	---	44
Borden Trust	3,384	---	160	150	3,394
Carter Trust	6,981	---	315	500	6,796
Coldwell Trust	5,177	---	243	250	5,170
Cummings Trust	13,046	---	594	1,000	12,640
Dalton Trust	14,863	515	721	600	15,499
DeEll Trust	52,100	---	2,418	2,000	52,518
Haskell Trust	21,025	1,000	1,011	1,000	22,036
Hibbard Trust	10,428	---	485	400	10,513
Horton Alumni.		2,263	65	---	2,328
Hudgins Trust	416	---	19	20	415
Inglis Trust	21,222	---	982	1,000	21,204
Jones - BRES	8,843	---	389	4,539	4,693
Jones-BRHS	20,538	892	1,034	8,351	14,113
Johnson Trust	11,130	---	518	450	11,198
KCDSB Trust(Warner). .	5,118	---	233	300	5,051
Lyons Trust	4,750	---	220	225	4,745
MacNutt Trust	30,985	650	1,473	1,000	32,108
Mitchell Trust	1,267	---	60	---	1,327
MRHS40 th Ann. Trust. .	10,738	---	497	515	10,720
Neily Trust	397	---	19	8	408
Nixon Trust	4,771	200	227	250	4,948
Harry E. Parker Trust . .	2,856	---	133	200	2,789
Rena B. Parker Trust . . .	37,714	---	1,744	1,800	37,658
Quartermain Trust	194	1,120	19	1,000	333
Rainforth Trust	402	---	19	8	413
Sinnott Trust	10,799	---	500	500	10,799
Earle Spicer Trust	22,375	---	866	900	22,341
Funds held temporarily for redistribution:					
Foundation	34,068	83,277	2,516	39,022	80,839
$	473,581 $	112,691 $	23,737 $	70,088 $	539,921

8. Contingencies

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

9. Pension Plan

The Board contributes to Registered Retirement Savings Plans and Registered Pension Plans on behalf on the non-teaching employees. The Boards teachers are covered by a pension plan established by the Province pursuant to the Teacher's Pension Act.

10. Commitments

Facility Rental

On March 5, 1997 the Annapolis Valley Regional School Board accepted a proposal from the Western Kings Memorial Health Centre for the provision of 17,000 square feet of office space to house the regional school board's administrative operations. Subsequently the Board also approved the acquisition of a further 1,000 square feet. The Board has entered into a 10 year lease for the facility and is committed to the following lease payments:

2000-2001	$	135,000
2001-2002	$	135,000
2002-2003	$	144,000 + prior year CPI
2003-2004	Prior year rate + prior year CPI	
2004-2005	Prior year rate + prior year CPI	
2005-2006	Prior year rate + prior year CPI	
2006-2007	Prior year rate + prior year CPI	

Addition

During 1999-2000, the Board acquired 1,248 square feet of storage space in the building basement for an annual flat rate of $5,000. As well, 2,160 additional square feet were acquired and renovated on the second floor for the duration of the original lease term. This additional space is at the rate of $10.00 per square foot with a minimum 3% annual increase.

P-3 Operating Expenses

During 1998-99 the Board opened the new Horton High School. This school was built under a Public Private Partnership arrangement with the Province of Nova Scotia as the lessee. The lease contains both a capital and operating component and all payments are made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the school board. For 1999-2000 the recovery rate was established at $4.00 per square foot for a total of $684,000 for the new Horton High School.

AUDITOR'S REPORT

To the Governors and Members of the
Art Gallery of Nova Scotia

We have audited the financial statements of the Art Gallery of Nova Scotia consisting of the following:

Art Gallery of Nova Scotia	- Combined Balance Sheet as at March 31, 2000
Gallery, Gallery Shop and Western Branch	- Balance Sheet as at March 31, 2000
Gallery	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Gallery Shop	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Western Branch	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Endowment Fund	- Balance Sheet as at March 31, 2000 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000
Phase II Expansion Fund	- Balance Sheet as at March 31, 2000 - Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2000
Acquisition Fund	- Balance Sheet as at March 31, 2000 - Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2000

These financial statements are the responsibility of the Gallery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Art Gallery of Nova Scotia derives revenues from donation receipts, special events, corporate campaigns, admissions and other income, the completeness of which is not susceptible of conclusive audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenues might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year or surplus (deficit).

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Art Gallery of Nova Scotia as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in Canada.

ERNST & YOUNG LLP
Chartered Accountants

Halifax, Canada
May 19, 2000

ART GALLERY OF NOVA SCOTIA

Combined Balance Sheet
as at March 31, 2000

		2000		1999
ASSETS				
Current				
Cash and cash equivalents	$	614,524	$	188,790
Accounts receivable		140,044		122,387
Inventory		147,240		159,623
		901,808		470,800
Investments (market value - $3,517,977; 1999 - $3,053,273)		3,072,107		2,927,857
	$	3,973,915	$	3,398,657
LIABILITIES AND SURPLUS				
Current				
Accounts payable and accrued liabilities	$	2,223,340	$	2,099,907
Deferred revenue		48,800		31,700
		2,272,140		2,131,607
Surplus - Gallery		3,763		3,160
Surplus - Gallery Shop		159,293		149,548
Surplus (deficit) - Western Branch		197,168		(133,067)
Surplus - Endowment Fund		2,142,734		2,215,872
Deficit - Phase II Expansion Fund		(783,009)		(979,781)
(Deficit) surplus - Acquisition Fund		(18,174)		11,318
		1,701,775		1,267,050
	$	3,973,915	$	3,398,657

Gallery, Gallery Shop and Western Branch
Balance Sheet
as at March 31, 2000

ASSETS				
Current				
Cash and cash equivalents	$	346,507	$	32,428
Accounts receivable		138,042		93,696
Due from Acquisition Fund		5,000		9,830
Due from Endowment Fund		19,608		---
Due from Phase II Expansion Fund		7,500		---
Inventory		147,240		149,880
	$	663,897	$	285,834
LIABILITIES AND SURPLUS				
Current				
Accounts payable and accrued liabilities	$	254,873	$	117,953
Due to Endowment Fund		---		116,540
Deferred revenue		48,800		31,700
		303,673		266,193
Surplus - Gallery		3,763		3,160
Surplus - Gallery Shop		159,293		149,548
Surplus (deficit) - Western Branch		197,168		(133,067)
		360,224		19,641
	$	663,897	$	285,834

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery
Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2000

	2000	1999
Revenue		
Province of Nova Scotia (Note 2)		
- Operating	$ 1,180,000	$ 1,204,000
Contribution from Endowment Fund	225,000	225,000
Special grants (Note 2)	176,900	210,250
Sponsorships	168,646	60,720
Other income	88,516	53,665
Public Education Programs	46,323	41,071
Memberships	39,264	34,884
Admission	38,924	30,786
Special events	34,195	43,441
Donations		
- AGNS appeal	33,700	25,729
- Other	1,588	7,820
Corporate campaign	15,841	14,471
Interest	10,108	9,368
Phase II expansion fees	7,500	7,500
Contribution from Gallery Shop	7,000	5,000
	2,073,505	1,973,705
Expenditures (Schedule)		
Salaries and benefits	783,006	787,301
Building operations	578,787	552,670
Program development	540,258	434,650
Administration	147,622	167,407
Printing and publication	11,619	12,312
Miscellaneous	7,275	12,543
Technology/capital purchases	4,335	6,094
	2,072,902	1,972,977
Excess of revenue over expenditures for the year	603	728
Surplus, beginning of year	3,160	2,432
Surplus, end of year	$ 3,763	$ 3,160

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery
Schedule of Expenditures
for the year ended March 31, 2000

	2000	1999
Salaries and Benefits		
Salaries and employee benefits	$ 783,006	$ 787,301
	783,006	787,301
Building Operations		
Utilities	205,751	213,555
Security	170,165	159,978
Climate control	124,941	96,907
Building maintenance and cleaning	43,669	39,894
Insurance	23,384	33,475
Elevator maintenance	10,031	6,502
Building repairs	846	2,359
	578,787	552,670
Program Development		
Programs	398,807	314,971
Development/Public relations	105,007	97,061
Collections management and gallery services	14,855	3,746
Workshop supplies	14,705	15,648
Vehicle	5,515	1,812
Conservation lab	1,369	1,246
Maud Lewis event	---	166
	540,258	434,650
Administration		
Stationery and postage	51,935	53,159
Telephone	26,178	33,073
Travel	25,534	29,524
Professional fees	19,105	21,993
Equipment rental	14,458	9,654
Memberships	5,208	5,471
Equipment maintenance	2,866	4,515
Delivery administration	2,338	2,049
Administration promotional	---	7,969
	147,622	167,407
Printing and Publication		
Printing and publication	11,291	10,757
Photography	328	1,555
	11,619	12,312
Miscellaneous		
Miscellaneous	3,841	9,867
Bank charges	3,434	2,676
	7,275	12,543
Technology/Capital Purchases		
Technology/capital purchases	2,771	1,295
Training and development	1,564	4,799
	4,335	6,094
Total Expenditures	$ 2,072,902	$ 1,972,977

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery Shop
Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000

		2000		1999
Revenue				
Art and craft sales	$	203,509	$	176,791
Art and craft sales on consignment		122,272		91,860
Books, notes and posters		57,240		28,361
		383,021		297,012
Cost of sales		200,465		104,755
Gross profit		182,556		192,257
Expenditures				
Salaries and employee benefits		76,769		51,240
Office and administration		43,721		24,883
Promotional		15,715		18,425
Members' discount		6,956		5,092
		143,161		99,640
Excess of gross profit over expenditures for the year		39,395		92,617
Surplus, beginning of year		149,548		63,931
Contribution to Gallery		(7,000)		(5,000)
Contribution to Acquisition Fund		(22,650)		(2,000)
Surplus, end of year	$	159,293	$	149,548

Western Branch
Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2000

		2000		1999
Revenue				
Special grants (note 2)	$	723,334	$	3,333
Donations		47,055		82,900
Interest		15,463		1,304
		785,852		87,537
Expenditures				
Building capital costs		378,205		---
Professional fees		27,344		3,544
Building fundraising		20,337		384
Capital purchases		14,325		165,317
Office and miscellaneous		10,693		1,181
Building operations		4,713		2,177
		455,617		172,603
Excess of revenue over expenditures for the year		330,235		(85,066)
Deficit, beginning of year		(133,067)		(48,001)
Surplus (deficit), end of year	$	197,168	$	(133,067)

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Endowment Fund
Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current (Note 3)		
Cash and cash equivalents	$ 262,117	$ 143,834
Accounts receivable	1,129	17,270
Due from Western Branch	---	124,040
Due from Acquisition Fund	18,892	---
	282,138	285,144
Investments (market value - $2,243,815; 1999 - $2,060,235)	1,888,790	1,950,313
	$ 2,170,928	$ 2,235,457

LIABILITIES AND SURPLUS

	2000	1999
Current		
Accounts payable	$ 8,586	$ 12,085
Due to Gallery	19,608	7,500
	28,194	19,585
Restricted surplus	300,000	286,000
Unrestricted surplus	1,842,734	1,929,872
	2,142,734	2,215,872
	$ 2,170,928	$ 2,235,457

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Endowment Fund
Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 2000

	2000	1999
Revenue (Note 3)		
Investment income	$ 170,599	$ 689,832
Life memberships	22,000	16,750
Marian deWitt Endowment	18,294	31,515
Restricted donations	10,507	211,000
Oyler project	5,000	12,000
Gallery endowments	4,117	830
	230,517	961,927
Expenditures (note 3)		
Trustee fees (note 3)	21,183	10,659
Gallery Endowment expenses	13,122	10,202
Administration	13,116	2,941
Promotion and public relations	6,646	8,437
Life membership servicing	5,356	66
Miscellaneous	4,581	969
Printing and postage	3,500	2,655
Donor restricted projects	2,329	14,791
Receptions	822	5,872
Rent	---	1,000
	70,655	57,592
Excess of revenue over expenditures for the year	159,862	904,335
Surplus, beginning of year	2,215,872	1,544,537
	2,375,734	2,448,872
Contribution to Gallery	(225,000)	(225,000)
Contribution to Acquisition Fund	(8,000)	(8,000)
	(233,000)	(233,000)
Restricted surplus	(300,000)	(286,000)
Unrestricted surplus, end of year	$ 1,842,734	$ 1,929,872

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Phase II Expansion Fund
Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
Current		
Investments (market value - $1,274,162; 1999 - $993,038)	$ 1,183,316	$ 977,544
	$ 1,183,316	$ 977,544
LIABILITIES AND SURPLUS		
Current		
Accounts payable	$ 1,958,825	$ 1,957,325
Due to Gallery	7,500	---
	1,966,325	1,957,325
Deficit	(783,009)	(979,781)
	$ 1,183,316	$ 977,544

Statement of Revenue, Expenditures and Deficit
for the year ended March 31, 1999

	2000	1999
Revenue		
Pledges and donations	$ 286,920	$ 925,083
Investment income	59,508	46,068
	346,428	971,151
Expenditures		
Capital expenses	113,700	2,575,284
Furniture and fixtures	18,856	72,598
Fundraising expenses	9,844	32,693
Trustee fees	6,689	1,454
Miscellaneous	567	2,451
Art and ale	---	20,730
	149,656	2,705,210
Excess of revenue over expenditures for the year	196,772	(1,892,496)
Deficit (surplus), beginning of year	(979,781)	912,715
Deficit, end of year	$ (783,009)	$ (979,781)

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Acquisition Fund
Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ 5,900	$ 12,528
Accounts receivable	874	11,421
Inventory	---	9,743
Due from Gallery Shop	---	2,000
	$ 6,774	$ 35,692
LIABILITIES AND SURPLUS		
Current		
Accounts payable	$ 1,056	$ 12,544
Due to Gallery	---	11,030
Due to Western Branch	---	800
Due toEndowment Fund	18,892	---
Due to Gallery	5,000	---
	24,948	24,374
(Deficit) surplus	(18,174)	11,318
	$ 6,774	$ 35,692

Statement of Revenue, Expenditures and Surplus
for the year ended March 31, 1999

	2000	1999
Revenue		
Donations:		
Art Sales and Rental Society	35,560	8,700
Other	32,625	38,322
Friends of the Gallery	7,083	15,000
Grants (note 2)	65,855	25,400
Contribution from Gallery Shop	22,650	2,000
AGNS Appeal	15,988	3,795
Contribution from Endowment Fund	8,000	8,000
Interest	446	363
Maud Lewis House	---	352
	188,207	101,932
Expenditures		
Acquisitions	167,587	71,842
Appraisal and professional fees	15,249	4,998
Miscellaneous	11,779	3,926
Administration	10,543	7,304
Insurance	5,000	5,000
Promotion	4,228	2,234
Permanent collection exhibit	1,663	2,936
Shipping	1,413	651
Maud Lewis House	125	412
Bank charges	112	322
	217,699	99,625
Excess of expenditures over revenue for the year	(29,492)	2,307
Surplus, beginning of year	11,318	9,011
(Deficit) surplus, end of year	$ (18,174)	$ 11,318

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Notes to Financial Statements
for the year ended March 31,2000

1. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Inventory
Inventory is valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Investments
Investments are recorded at cost. Income is recognized on the settlement date.

Revenue recognition
Revenue from donations is recognized when received. All other revenue, with the exception of investment income, is recognized on the accrual basis of accounting.

Acquisitions
Acquisitions of works of art, including donated works, become the property of the Province of Nova Scotia. Accordingly, acquisitions paid for by the Art Gallery of Nova Scotia are expensed in the year acquired. Acquisitions expensed in the current year amounted to $167,507 (1999 - $71,842).

2. Government Assistance

During the year the Art Gallery of Nova Scotia recognized revenue from provincial government grants from the Nova Scotia Department of Tourism and Culture in the amount of $1,180,000 (1999 - $1,204,000 from the Department of Education and Culture) and federal government and other grants are allocated as follows:

	2000	1999
General Operating:		
The Canada Council for the Arts	$ 165,900	$ 150,150
Halifax Regional Municipality	6,000	24,000
Federal Department of Canadian Heritage	5,000	31,600
Department of Human Resources	—	4,500
	176,900	210,250
Western Branch		
Department of Economic Development and Tourism	720,000	---
District of Argyle	3,334	---
	723,334	---
Acquisition Fund:		
Federal Department of Canadian Heritage	36,473	---
The Canadian Council for the Arts	29,382	---
	65,855	---
	$ 966,089	$ 210,250

3. Endowment Fund

Endowment Fund donations and bequests are allocated to the Endowment Fund together with investment income thereon. The income of the fund, or a portion thereof as determined by the Board of Governors, after a balance of $500,000 has been accumulated shall be available for the purpose of:

a) the acquisition of artworks for the permanent collection;
b) the expansion of exhibition and art education programs; and
c) other special projects.

The funds which will be placed in the Endowment Fund will be:

a) donations designated as such by the donor;
b) special types of donations which are stipulated to go to the Fund, such as Life Member's fees; and
c) any funds specifically designated by the Board of Governors.

Expenses relating to the activities of the Endowment Fund will be charged to the Endowment Fund.

4. Income Tax

The Art Gallery of Nova Scotia is an incorporated agency of the Province of Nova Scotia and accordingly is exempt from income tax.

5. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

AUDITORS' REPORT

To The Directors of
Bedford Waterfront Development Corporation Limited

We have audited the balance sheet of Bedford Waterfront Development Corporation Limited as at March 31, 2000 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of operations and changes in cash flows of the Corporation for the year ended, in accordance with generally accepted accounting principles.

WHITE BURGESS LANGILLE INMAN
Chartered Accountants

Bedford, Nova Scotia
June 12, 2000

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash	$ 1,303	$ 55,525
Short-term investments	—	151,420
Accounts receivable	742,187	92,435
Prepaid expenses	2,837	2,679
	746,327	302,059
MORTGAGES RECEIVABLE (note 4)	1,985,000	300,000
REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1 (note 5)	—	2,918,207
REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2 (note 6)	948,200	—
JETTY BREAKWATER PROJECT (note 7)	394,377	342,240
CAPITAL ASSETS (note 8)	8,350	10,459
	$ 4,082,254	$ 3,872,965
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 396,684	$ 187,395
LONG-TERM DEBT (note 9)	3,562,081	3,562,081
	3,958,765	3,749,476
SHAREHOLDERS' EQUITY		
RETAINED EARNINGS	123,489	123,489
	123,489	123,489
	$ 4,082,254	$ 3,872,965

CONTINGENCY (note 10)

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Statement of Earnings and Retained Earnings
for the year ended March 31, 2000

	2000	1999
REVENUE		
Grants - Province of Nova Scotia	$ 165,000	$ 232,100
Interest income	965	11,229
	165,965	243,329
EXPENSES		
Chairman's fees	13,400	11,000
Directors' fees	11,026	12,565
Equipment leasing	---	100
Telephone	726	712
Insurance	4,873	4,596
Interest and bank charges	204	486
Office expenses	9,445	4,613
Depreciation and amortization	2,109	2,645
	41,783	36,717
EXCESS OF REVENUE OVER EXPENDITURES	124,182	206,612
TRANSFER TO REAL ESTATE AND DEVELOPMENT PROJECTS	(124,182)	(206,612)
NET EARNINGS FOR THE YEAR	---	---
RETAINED EARNINGS - beginning of year	123,489	123,489
RETAINED EARNINGS - end of year	$ 123,489	$ 123,489

BEDFORD WATERFRONT DEVELOPMENT CORPORATION LIMITED
(Formerly Bedford Waterfront Development Corporation)

Statement of Cash Flows
for the year ended March 31, 2000

	2000	1999
OPERATING ACTIVITIES		
Cash provided from operations		
Net earnings for the year	$ ---	$ ---
Items in earnings not involving cash		
Excess of revenue over expenditures	124,182	206,612
Depreciation and amortization	2,109	2,645
	126,291	209,257
Change in noncash working capital balances		
Accounts receivable	(649,752)	(31,722)
Prepaid expenses	(158)	(597)
Mortgages receivable	(1,685,000)	(300,000)
Accounts payable and accrued liabilities	209,289	(260,014)
	(1,999,330)	(383,076)
INVESTING ACTIVITIES		
Acquisition of real estate and construction projects - Phase 1	(32,032)	(112,027)
Acquisition of real estate and construction projects - Phase2	(594,226)	---
Acquisition of jetty breakwater project, net of grants and related revenues of $0 (1999 - $304,772)	(52,137)	(249,432)
Net proceeds on disposal of land	2,472,083	661,879
	1,793,688	300,420
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(205,642)	(82,656)
CASH AND EQUIVALENTS - beginning of year	206,945	289,601
CASH AND EQUIVALENTS - end of year (see note below)	$ 1,303	$ 206,945

NOTE:

CASH AND EQUIVALENTS

Cash and equivalents is comprised of cash and short-term investments.

1. BASIS OF ACCOUNTING

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

2. GENERAL

Waterfront Development Project

The Corporation was created by a statue of the Legislature of Nova Scotia.

The principal objective of the Corporation is the development of the Bedford Waterfront. During the year the Corporation continued development of the project.

3. ACCOUNTING POLICIES

Capital Assets

Capital assets are stated at cost. Depreciation is provided by the diminishing balance method at the following annual rates:

Office equipment	20%
Computer hardware	30%
Computer software	100%
Information booth	20%
Silt curtain	20%

Capitalization

All expenditures directly related to acquisition, renovation, development and administration are included in the cost of real estate and development projects or the cost of the jetty breakwater project.

Real estate and development projects are recorded at the lower of cost and realizable value. The jetty breakwater project is recorded at cost.

Income taxes

The Corporation is exempt from income taxes under the provisions of The Income Tax Act.

4. MORTGAGES RECEIVABLE

	2000	1999
Mortgage receivable - lot 3.8	$ 300,000	$ 300,000
Mortgage receivable - lot 4.4 A1 - YB1	215,000	---
Mortgage receivable - lot 4.5	1,470,000	---
	$ 1,985,000	$ 300,000

This vendor take-back mortgage on the sale of Site 3.8 is non-interest bearing for a period of twelve months. The mortgage can be extended at the mortgagor's discretion at an interest rate of 10% for a period of twenty-six months. It is expected that the mortgage will not be repaid in the next year, and accordingly it has been included in non-current assets.

The vendor take-back mortgage on the sale of Site 4.4 is non-interest bearing, except upon default in which case interest will accrue at prime plus 5% per annum, retroactive to the closing date. The mortgage is repayable on the earlier of six months after the conveyance of the development block, or the date of draw-down of the first advance of funds from the construction mortgage.

The vendor take-back mortgage on the sale of Site 4.5 is non-interest bearing, except upon default in which case interest will accrue at 12% per annum. The first payment of $70,000 was received in May, subsequent to year end. The second payment of $650,000 is to be received on September 15, 2000. The third payment of $75,000 is due on January 15, 2001, while the final payment of $675,000 is due on September 15, 2001.

5. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 1

		2000	1999
Real estate and development projects, at cost		$ 23,132,813	$ 23,227,397
Add: Environmental research		---	16,004
Property taxes		4,589	48,146
Professional fees		11,685	21,101
Interest		---	1,804
Advertising		1,475	2,043
Rockfill		14,285	22,930
		32,034	112,028
TRANSFER OF EXCESS OF REVENUE OVER EXPENDITURES		(124,182)	(206,612)
		23,040,665	23,132,813
Less Capital grants			
Federal	5,000,000		
Provincial	4,631,203		
Municipal	999,250	10,630,453	10,630,453
		12,410,212	12,502,360
Less Asset conveyance to the Town of Bedford		6,783,307	6,783,306
Land Sales		4,108,035	1,635,951
Non-refundable deposits on land sales		71,692	71,692
Write down to realizable value		1,093,204	1,093,204
Transfer of costs to Real Estate and Development Project - Phase 2		353,974	---
		12,410,212	9,584,153
		$ ---	$ 2,918,207

Interest in the cumulative amount of $3,057,704 (1999 - $3,057,704) and dredging costs of $1.7 million are included in the total cost of real estate and development projects.

During a prior period, the Corporation conveyed the following assets at its cost to the Town of Bedford:

(a) parkland and open spaces including improvements thereto;
(b) boardwalks including improvements thereto;
(c) all streets and roads completed to Town standards;
(d) sidewalks and curbs completed to Town standards;
(e) sanitary and storm sewers and water devices built to Town standards; and
(f) certain municipal or civic parking areas to be controlled by the Town.

The cost allocated to these assets conveyed amounted to $6,783,306 and was determined on the basis of the specific contract cost of the bridge, approach road, services and walkways conveyed, landscaping costs specifically for the land conveyed plus the average cost per acre of the remaining land developed for Phase 1 times the number of acres conveyed.

6. REAL ESTATE AND DEVELOPMENT PROJECT - PHASE 2

	2000
Transfer of costs from Real Estate and Development Project - Phase 1	353,974
Add: Construction and engineering	1,045,324
Less: Other revenues related to the completion of Phase 2	(451,098)
Real Estate and Development projects - Phase 2, at cost	948,200

7. JETTY BREAKWATER PROJECT

The Corporation is completing the south side of their lands by building a jetty breakwater, running southerly off Site 3.2. This jetty breakwater will provide pedestrian and public marine access to the Bedford Basin as well as weather protection for a large public marina.

The project is funded jointly by the Federal, Provincial and Municipal levels of governments as well as a contribution from the Corporation directly for a total cost of $2,189,789.

The project started in February 1997 and work on the north jetty breakwater has been substantially completed.

	2000	1999
Project, at cost		
Construction and engineering	$ 2,094,948	$ 2,094,948
Surveying and management fees	38,768	28,468
Marketing	15,660	1,832
Legal	40,413	12,404
	2,189,789	2,137,652
Less Capital Grants		
Provincial	(450,000)	(450,000)
Federal	(400,000)	(400,000)
Municipal	(390,640)	(390,640)
	(1,240,640)	(1,240,640)
Less:		
other revenues related to completion of the jetty project	(554,772)	(554,772)
	$ 394,377	$ 342,240

8. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated Depreciation	Net	Net
Office equipment......	$ 37,097	$ 33,849	$ 3,248	$ 4,060
Computer hardware . . .	6,469	6,346	123	176
Computer software	1,158	1,158	---	---
Information booth.	8,588	7,882	706	882
Silt curtain.	9,272	4,999	4,273	5,341
	$ 62,584	$ 54,234	$ 8,350	$ 10,459

9. LONG-TERM DEBT

	2000	1999
Department of Economic Development Loan		
Balance - beginning of the year	$ 3,562,081	$ 3,562,081
Additional advances made during the year	---	266,794
Repayment from land sales	---	266,794
Balance - end of year	$ 3,562,081	$ 3,562,081

The above loan is to be repaid using excess funds from sales of the real estate developments, therefore no known current portion of long-term debt exists.

10. CONTINGENCY

A mechanic's lien action has been registered by Waterworks Construction Inc. claiming $945,000, being the cost to raise a cement caisson which sunk during construction of the north jetty referenced in note 7. It is the opinion of legal counsel that the claim will be defeated.

Nousha Investments Limited has commenced action against the Corporation claiming a proprietary interest in Site 4.5 (Phase 1) as a result of a letter of intent entered into with the Corporation during the year. It is the opinion of legal counsel that the claim will be defeated. This site has subsequently been sold to another purchaser, under which the agreement of purchase and sale required the Corporation to enter into an indemnity agreement to protect the purchaser against possible legal expenses and claims arising from this action.

11. SUBSEQUENT EVENT

Effective May 12, 2000, the Articles of incorporation were ammended to appoint a new Board of Directors with the intention to amalgamate with The Waterfront Development Corporation.

12. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Cape Breton Healthcare Complex

We have audited the statement of financial position of Cape Breton Healthcare Complex as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year than ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Complex as at March 31, 2000, and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
July 7, 2000

CAPE BRETON HEALTHCARE COMPLEX

Statement of Financial Position
March 31, 2000, with comparative figures for 1999

ASSETS

	2000	1999
Current assets:		
Cash	$ 7,732,202	$ ---
Internally restricted cash	160,945	160,945
Accounts receivable (note 2)	14,359,121	93,056,661
Inventories (note 3)	2,307,551	2,378,490
Prepaid expenses	466,510	1,617,155
	25,026,329	97,213,251
Capital assets (note 4)	149,985,091	150,171,639
	$ 175,011,420	$ 247,384,890

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)

	2000	1999
Current liabilities:		
Cheques issued in excess of funds on deposit	$ ---	$ 791,502
Accounts payable and accrued liabilities (note 5)	25,094,157	20,264,422
Due to Department of Health (note 6)	---	75,779,345
Current portion of long-term debt	197,591	---
	25,291,748	96,835,269
Long-term debt (note 7)	---	217,037
Deferred contributions for capital assets (note 8)	149,208,179	149,810,432
Retirement allowance	11,390,778	10,189,640
Net assets (deficiency):		
Unrestricted	(11,817,142)	(10,189,640)
Restricted (note 1(c))	160,945	160,945
Invested in capital assets (note 9)	776,912	361,207
	(10,879,285)	(9,667,488)
	$ 175,011,420	$ 247,384,890

See accompanying notes to financial statements

CAPE BRETON HEALTHCARE COMPLEX

Statement of Operations
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Operations:		
Income:		
Net Patient income:		
Provincial plan	$ 112,387,246	$ 104,655,784
Other	8,587,059	6,916,890
Dietary recoveries	1,050,570	1,015,222
Medical service insurance	6,675,658	6,322,106
Referred in work	145,300	202,670
Miscellaneous	433,372	325,246
Net differential	1,289,461	992,314
Investment income	140,297	20,544
Donations	---	384,294
Equipment grant	38,508	38,508
	130,747,471	120,873,578
Expenses:		
Administrative and support services	33,106,356	29,777,330
Nursing inpatient services	51,270,928	46,869,116
Ambulatory care services	20,408,194	18,484,135
Diagnostic and therapeutic services	24,840,606	23,025,105
Education	821,868	592,506
Salaries - vacation	318,965	1,251,118
Parity accrual	---	812,000
Capital debt assistance	(19,446)	21,700
Adjustment of prior year's Hospital Foundation grant	---	40,568
	130,747,471	120,873,578
Excess of revenue over expenditures before below noted items	---	---
Other item:		
Amortization of deferred contributions related to capital assets (note 8)	(9,394,080)	(8,252,636)
Amortization of capital assets	9,404,739	8,252,636
Retirement allowance	1,201,138	2,297,219
	1,211,797	2,297,219
Excess of expenditure over revenue	$ (1,211,797)	$ (2,297,219)

Statement of Changes in Net Assets
Year ended March 31, 2000, with comparative figures for 1999

	Unrestricted	Restricted	Investment in capital assets	2000 Total	1999 Total
Balance, beginning of year	$ (10,189,640)	$ 160,945	$ 361,207	$ (9,667,488)	$ (7,370,269)
Excess of expenditure over revenue	(1,201,138)	---	(10,659)	(1,211,797)	(2,297,219)
Net change in investment in capital assets (note 9)	(426,364)	---	426,364	---	---
Balance, end of year	$ (11,817,142)	$ 160,945	$ 776,912	$ (10,879,285)	$ (9,667,488)

See accompanying notes to financial statements.

CAPE BRETON HEALTHCARE COMPLEX

Statement of Cash Flows
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operating activities:		
Excess of expenditure over revenue	$ (1,211,797)	$ (2,297,219)
Items not involving cash:		
Amortization of capital assets	9,404,739	8,252,636
Amortitzation of deferred contributions related to capital assets	(9,394,080)	(8,252,636)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	78,697,540	(14,232,776)
Decrease in inventories	70,939	267,861
Decrease in prepaid expenses	1,150,645	165,666
Increase (decrease) in accounts payable and accrued liabilities	4,829,735	(1,471,424)
(Decrease) increase in due to Department of Health	(75,779,345)	11,929,551
	7,768,376	(5,638,341)
Financing and investing activities:		
Repayment of long-term debt	(19,446)	---
Purchases of capital assets	(9,218,191)	(5,550,231)
Decrease in grants receivable	---	28,500
Contribution for capital assets (net)	8,791,827	5,520,231
Adjustment of long-term debt	---	21,700
	(445,810)	20,200
Other activities		
Increase in retirement allowance	1,201,138	2,297,219
Increase (decrease) in cash position	8,523,704	(3,320,922)
Cash position, beginning of year	(630,557)	2,690,365
Cash position, end of year	$ 7,893,147	$ (630,557)

Cash position is represented by the following:

	2000	1999
Cash internally restricted	$ 160,945	$ 160,945
Cash	7,732,202	---
Cheques issued in excess of funds on deposit	---	(791,502)
	$ 7,893,147	$ (630,557)

See accompanying notes to financial statements.

Notes to Financial Statements
Year ended March 31, 2000

Effective April 1, 1996, the governor in Council of the Province of Nova Scotia approved "An Act to Incorporate Cape Breton Healthcare Complex". Under this Act the Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital and the Northside Harbour View Hospital were amalgamated and continued as one corporate body under the name Cape Breton Healthcare Complex.

The Hospital's principal activity is providing acute and psychiatric health care to the residents of Industrial Cape Breton and surrounding areas.

1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

(a) **Revenue recognition:**

The Complex follows the deferral method of accounting for contributions which include donations and government grants.

The Complex is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) **Inventories:**

Inventories are stated at cost

(c) **Restricted**

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

(d) **Capital assets:**

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Land improvements	5%
Buildings and service equipment	2%-5%
Major equipment	5%-20%
Equipment under capital lease	10%-20%

2. **Accounts receivable:**

	2000	1999
Patients (less allowance for doubtful accounts)	$ 916,922	$ 850,300
Medical service insurance	255,121	478,099
Department of Community Service	71,610	39,060
Level II Care (less allowance for doubtful accounts)	735,623	271,060
Harmonized sales tax	590,950	935,060
Hospital Foundations (note 11)	236,167	242,684
QE II Health Sciences Centre	---	120,000
Sundry	405,442	419,360
Department of Health:		
Incremental funding	---	80,196,668
Estimated year end adjustment	238,401	3,738,571
Capital Funding	5,300,337	157,251
Vacation accrual	5,608,548	5,608,548
	$ 14,359,121	$ 93,056,661

3. **Inventories:**

	2000	1999
Medical and surgical	$ 519,175	$ 485,399
Drugs	819,844	1,107,342
Food	60,080	74,755
General	908,452	710,994
	$ 2,307,551	$ 2,378,490

4. **Capital assets:**

			2000	1999
	Cost	Accumulated amortization	Net Book value	Net Book value
Land	$ 361,207	$ ---	$ 361,207	$ 361,207
Land improvements	3,482,998	884,858	2,598,140	2,768,694
Buildings and service equipment	157,387,773	28,425,347	128,962,426	130,158,901
Equipment	49,191,854	31,128,536	18,063,318	16,882,837
	$ 210,423,832	$ 60,438,741	$ 149,985,091	$ 150,171,639

5. **Accounts payable and accrued liabilities:**

	2000	1999
Accounts payable	$ 9,086,598	$ 6,092,982
Due to Department of Health:		
Advances by Provincial Plan - current	4,698,500	3,833,807
Employee deductions payable	1,032,166	848,345
Accrued salaries:		
Salaries	3,603,641	2,777,963
Wage parity accrual	401,071	812,000
Vacation pay accrual	5,927,519	5,608,554
Other accruals	232,332	139,935
Payable for equipment	112,330	150,836
	$ 25,094,157	$ 20,264,422

6. **Due to Department of Health:**

	2000	1999
Due to Department of Health:		
Advances by Provincial Plan	$ ---	$ 59,115,082
Estimated year end adjustment prior	---	11,090,100
Construction costs payable to the Province of Nova Scotia	---	5,574,163
	$ ---	$ 75,779,345

7. **Long-term debt:**

	2000	1999
Department of Health:		
Capital debt assistance loan	$ 197,591	$ 217,037
Current portion of long-term debt	(197,591)	---
	$ ---	$ 217,037

8. **Deferred contributions for capital assets:**

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2000	1999
Balance, beginning of year	$ 149,810,432	$ 152,542,837
Additional contributions received	8,791,827	5,626,901
Less adjustment of prior year's Hospital Foundation grant	---	(106,670)
Less amounts amortized to revenue	(9,394,080)	(8,252,636)
	$ 149,208,179	$ 149,810,432

9. **Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	2000	1999
Capital assets	$ 149,985,091	$ 150,171,641
Amounts financed by:		
Deferred contributions	149,208,179	149,810,432
	$ 776,912	$ 361,209

b) Change in net assets invested in capital assets is calculated as follows:

	2000	1999
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 9,394,080	$ 8,252,636
Amortization of capital assets	(9,404,739)	(8,252,636)
	$ (10,659)	$ ---
Net change in investment in capital assets:		
Purchase of capital assets	$ 9,218,191	$ 5,550,231
Amounts funded by:		
Deferred contributions (net)	(8,791,827)	(5,550,231)
	$ 426,364	$ ---

10. Comparative figures:

Certain of the 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

11. Related party transactions:

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation and the Glace Bay Healthcare Corporation Charitable Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.

As at March 31, 2000 the following amounts were due from the Foundations with comparative figures:

	2000	1999
Cape Breton Regional Hospital Foundation	$ 236,167	$ 208,003
Northside Hospital Charitable Foundation	---	34,681
	$ 236,167	$ 242,684

The following amounts represent the transfer from the Foundations during the year ended March 31, 2000 with comparative figures:

	2000	1999
Cape Breton Regional Hospital Foundation	$ 490,765	$ 719,517
Northside Hospital Charitable Foundation	---	34,682
New Waterford Consolidated Charitable Foundation	117,933	70,570
Glace Bay Healthcare Corporation Charitable Foundation	283,555	100,000
	$ 892,253	$ 924,769

AUDITORS' REPORT

To the Chairperson and Members
of the Board
Cape Breton Victoria Regional School Board

We have audited the balance sheets of Cape Breton Victoria Regional School Board as at March 31, 2000 and the statements of operations, deficit, reserves and investment in capital assets for the year then ended. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the School Board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles established for regional school boards in the Province of Nova Scotia.

KPMG LLP
Chartered Accountants

Sydney, Canada
June 19, 2000

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2000, with comparative figures for 1999

ASSETS

	2000	1999
Current assets:		
Cash	$ ---	$ 85,974
Accounts receivable:		
Government of Canada (note 2)	1,135,048	890,252
Province of Nova Scotia (note 3)	4,057,063	2,263,891
Other	290,628	135,722
Prepaid expenses	69,249	337,599
Inventories	144,395	131,958
	5,696,383	3,845,396
Restricted assets:		
Cash and investments	382,637	381,521
Other assets:		
Deferred Early Retirement Program expenditures (note 4)	36,135,440	36,135,440
Deferred Service Award expenditures (note 5)		846,306
Deferred budgetary assistance (note 6)	---	605,573
Cash restricted for teachers' service awards	3,874	3,874
	36,139,314	37,591,193
Fixed assets (note 7):		
School buildings	56,096,216	56,096,216
Interest in properties	14,054,180	13,253,905
Equipment and furnishings	11,598,548	10,685,617
School buses and maintenance vehicles	8,041,458	7,424,102
Assets under capital lease	137,151	137,151
	89,927,553	87,596,991
	$ 132,145,887	$ 129,415,101

LIABILITIES, RESERVES AND EQUITY

	2000	1999
Current liabilities:		
Cheques issued in excess of funds on deposit	$ 515,427	$ ---
Accounts payable and accrued liabilities	3,655,052	4,344,613
Advances payable to Department of Education	620,000	
Deferred revenue	663,904	328,570
	5,454,383	4,673,183
Other liabilities:		
Obligation under Early Retirement Plan (note 4)	36,135,440	36,135,440
Province of Nova Scotia, bridge financing loans (note 6)	---	605,573
Teachers' service awards, in trust	3,874	3,874
Teacher retraining fund	50,000	50,000
	36,189,314	36,794,887
Reserves:		
Scholarship Trust Fund Reserve	382,637	381,521
Reserve for future operations (note 9)	500,000	---
	882,637	381,521
Equity:		
Deficit	(308,000)	(31,481)
Investment in capital assets	89,927,553	87,[illegible]96,991
	89,619,553	87,565,510
	$ 132,145,887	$ 129,415,101

See accompanying notes to financial statements.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2000, with comparative figures for 1999

ASSETS

	2000	1999
Current assets:		
Cash	$ ---	$ 85,974
Accounts receivable:		
Government of Canada (note 2)	1,135,048	890,252
Province of Nova Scotia (note 3)	4,057,063	2,263,891
Other	290,628	135,722
Prepaid expenses	69,249	337,599
Inventories	144,395	131,958
	5,696,383	3,845,396
Other assets:		
Deferred Early Retirement Plan expenditures (note 4)	36,135,440	36,135,440
Deferred Service Award expenditures (note 5)		846,306
Deferred budgetary assistance (note 6)	---	605,573
Cash restricted for teachers' service awards	3,874	3,874
	36,139,314	37,591,193
	$ 41,835,697	$ 41,436,589

LIABILITIES, RESERVE and DEFICIT

	2000	1999
Current liabilities:		
Cheques issued in excess of funds on deposit	$ 515,427	$ ---
Accounts payable and accrued liabilities	3,655,052	4,344,613
Advances payable to Department of Education	620,000	---
Deferred revenue	663,904	328,570
	5,454,383	4,673,183
Other liabilities:		
Obligation under Early Retirement Plan (note 4)	36,135,440	36,135,440
Province of Nova Scotia, bridge financing loans (note 6)	---	605,573
Teachers' service awards, in trust	3,874	3,874
Teacher retraining fund	50,000	50,000
	36,189,314	36,794,887
Reserve:		
Reserve for future operations (note 9)	500,000	---
Deficit	(308,000)	(31,481)
	$ 41,835,697	$ 41,436,589

See accompanying notes to financial statements.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Statement of Operations
Year ended March 31, 2000, with comparative figures for 1999

	2000 Budget	2000 Actual	1999 Actual
Revenue:			
Province of Nova Scotia:			
Formula funding (schedule A)	$ 94,284,900	$ 94,133,758	$ 92,992,640
Other (schedule A)	1,345,858	1,920,106	2,450,362
Deficit assistance (note 8)	---	1,662,572	---
Contribution for future operations (note 9)	---	500,000	---
	95,630,758	98,216,436	95,443,002
Government of Canada (schedule A)	876,232	1,082,878	1,112,806
Appropriations from Councils (schedule A)	12,175,800	12,175,800	12,053,618
Board operations (schedule A)	1,189,592	1,171,666	1,178,340
	109,872,382	112,646,780	109,787,766
Expenditures (schedule B):			
Board management	2,980,329	3,369,957	3,776,604
School administration and instruction	84,499,026	84,997,588	82,566,581
Property service	9,759,716	10,352,404	10,270,961
Pupil transportation	4,600,947	4,729,517	4,743,741
Special education	4,132,666	4,048,999	3,419,334
Adult education	141,371	136,678	130,194
Summer school	13,000	10,417	13,405
Cafeteria	606,072	629,271	597,805
Adult day school	385,223	398,436	325,563
Capital equipment and repairs	2,197,745	2,817,493	2,413,702
Special initiatives	344,000	192,976	---
Board of pupils	20,006	10,987	20,195
Deferred service awards (note 5)	---	570,443	---
Debt servicing - operating loans	160,800	158,133	42,711
Debt servicing - capital loans	---	---	166,125
Deficit of prior year	31,481	31,481	1,332,326
	109,872,382	112,454,780	109,819,247
Excess of revenue over expenditures (expenditures over revenue) before below noted	---	192,000	(31,481)
Transfer to reserve for future operations (note 9)	---	(500,000)	---
Excess of expenditures over revenue	$ ---	$ (308,000)	$ (31,481)

See accompanying notes to financial statements.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Statement of Deficit
Year ended March 31, 2000, with comparative figures for 1999

		2000		1999
Deficit, beginning of year	$	(31,481)	$	(1,332,326)
Deficit transferred to current operations		31,481		1,332,326
		---		---
Excess expenditures over revenue		(308,000)		(31,481)
Deficit, end of year	$	(308,000)	$	(31,481)

Statement of Reserve for Future Operations
Year ended March 31, 2000, with comparative figures for 1999

		2000		1999
Balance, beginning of year	$	---	$	---
Transfer from operations (note 9)		500,000		---
Balance, end of year	$	500,000	$	---

Capital Fund Balance Sheet
March 31, 2000, with comparative figures for 1999

ASSETS

		2000		1999
Fixed assets (note 7):				
School buildings, land	$	56,096,216	$	56,096,216
Interest in properties		14,054,180		13,253,905
Equipment and furnishings		11,598,548		10,685,617
School buses and maintenance vehicles		8,041,458		7,424,102
Assets under capital leases		137,151		137,151
	$	89,927,553	$	87,596,991

EQUITY

		2000		1999
Investment in capital assets	$	89,927,553	$	87,596,991

See accompanying notes to financial statements.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Statement of Investment in Capital Assets
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Balance, beginning of year	$ 87,596,991	$ 84,972,713
Capital purchases funded from operations:		
Interest in properties	800,274	929,872
Equipment and furnishings	912,931	899,333
School buses and maintenance vehicles	737,554	624,213
	2,450,759	2,453,418
Capital debt repayment funded from operations:		
Capital leases	---	20,860
Retirement of debenture debt	---	150,000
	---	170,860
Retirement of school buses and vehicles	(120,197)	---
Balance, end of year	$ 89,927,553	$ 87,596,991

Scholarship Trust Fund Balance sheet
March 31, 2000, with comparative figures for 1999

	2000	1999
ASSETS		
Cash and investments	$ 382,637	$ 381,521
RESERVE FOR SCHOLARSHIPS		
Rossetti Scholarship	$ 164,320	$ 162,146
Townsend Scholarship	1,005	1,002
McDonagh Scholarship	5,009	5,002
Panagiotakos Scholarship	9,016	9,008
McQuarrie Scholarship	3,190	3,180
Annie Hall Scholarship	2,012	1,999
C.J.C.B. Scholarship	3,998	3,818
Daniel Munroe Scholarship	3,072	2,913
John D. MacLeod Memorial	1,023	1,015
Annie Bell Grady Memorial	21,154	22,588
T.L. Sullivan Memorial	2,794	2,668
Mary Elizabeth Brennan Scholarship	2,375	2,411
William Hillchie Memorial	3,070	3,075
Isabel MacDermid Memorial	3,186	3,155
Wendell Coldwell Memorial	2,083	2,038
Jon David Corbett	3,214	3,164
Leonard Matheson	1,427	1,457
Ellen Dunn Balah	5,348	5,583
George MacKay Bursary	145,160	145,299
Dorothy Wilkins	181	---
	$ 382,637	$ 381,521

See accompanying notes to financial statements.

CAPE BRETON DISTRICT SCHOOL BOARD

Statement of Scholarship Trust Fund Reserve
Year ended March 31, 2000, with comparative figures for 1999

	Rossetti	Townsend	McDonagh	Panagiotakos	McQuarrie	Annie Hall	C.J.C.B.	Munroe
Balance, beginning of year	$ 162,146	$ 1,002	$ 5,002	$ 9,008	$ 3,180	$ 1,999	$ 3,818	$ 2,913
Interest earned	7,374	48	257	448	180	93	180	234
	169,520	1,050	5,259	9,456	3,360	2,092	3,998	3,147
Scholarship awarded	5,200	45	250	440	170	80	---	75
Balance, end of year	$ 164,320	$ 1,005	$ 5,009	$ 9,016	$ 3,190	$ 2,012	$ 3,998	$ 3,072

	MacLeod	Grady	Sullivan	Brennan	Hillchie	MacDermid	Coldwell
Balance, beginning of year	$ 1,015	$ 22,588	$ 2,668	$ 2,411	$ 3,075	$ 3,155	$ 2,038
Interest earned	48	1,068	126	114	145	181	95
	1,063	23,656	2,794	2,525	3,220	3,336	2,133
Scholarship awarded	40	2,502	---	150	150	150	50
Balance, end of year	$ 1,023	$ 21,154	$ 2,794	$ 2,375	$ 3,070	$ 3,186	$ 2,083

	Wilkins	Corbett	Matheson	Dunn Balah	MacKay	2000 Total	1999 Total
Balance, beginning of year	$ ---	$ 3,164	$ 1,457	$ 5,583	$ 145,299	$ 381,521	$ 379,306
Interest earned	181	150	70	265	9,861	21,118	22,100
New scholarship		---	---	---	---	---	1,445
	181	3,314	1,527	5,848	155,160	402,639	402,851
Scholarship awarded	---	100	100	500	10,000	20,002	21,330
Balance, end of year	$ 181	$ 3,214	$ 1,427	$ 5,348	$ 145,160	$ 382,637	$ 381,521

See accompanying notes to financial statements.

Notes to Financial Statements
Year ended March 31, 2000

Pursuant to an act passed by the Province of Nova Scotia, the Cape Breton District School Board and the Northside Victoria District School Board were amalgamated to form the Cape Breton Victoria Regional School Board. The School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria.

1. Significant accounting policies:

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Accruals for teachers' salaries at the beginning and end of a particular year are netted so that 195 days' salary is recorded as an expense. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Fixed assets:

Fixed assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The interest in school properties reflects only those capital expenditures made since the formation of the Cape Breton District School Board. Furniture and equipment purchased prior to January 1, 1982 has not been recorded in the capital fund. The School Board does not record depreciation on its fixed assets.

(d) Teacher service awards:

Teacher service awards are accounted for an "as paid" basis rather than as the liability is accruing. As at March 31, no estimate has been made of the potential liability for this item.

2. Accounts receivable, Government of Canada:

	2000	1999
Indian and Northern Affairs Canada	$ 496,520	$ 472,193
Harmonized sales tax	324,860	264,124
Other	313,668	153,935
	$ 1,135,048	$ 890,252

3. Accounts receivable, Province of Nova Scotia:

	2000	1999
Capital infrastructure	$ 132,333	$ 592,999
Special capital projects	417,310	249,513
Information Economy Initiative	546,060	460,113
3P Transitional Funding	---	150,000
Special initiatives	202,400	356,677
3 P maintenance funding	393,062	---
Other	203,326	454,589
1999/00 deficit funding (note 8)	1,662,572	---
Contribution for future operations	500,000	---
	$ 4,057,063	$ 2,263,891

4. Early Retirement Program:

The Early Retirement Plan (1994-1998) resulted in the Regional School Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with teachers retiring under this plan.

For the fiscal year ended March 31, 1999, the Board has been granted a payment holiday and, as a result, no amount had been included in budgeted or actual expenditures in that year for payments under this program.

For the fiscal year ending March 31, 2000, the Department of Education directly made the payments required under the Plan and, as a result, no amount had been included in budget or actual expenditures in that year.

In addition the Department of Education has directed that the Board record the obligation and related deferred expenditures as March 31, 2000 at amounts equal to those recorded at March 31, 1999 as the updated obligation data is not currently available.

During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the Regional School Board to fulfill the annual obligation due under the provisions of the Early Retirement Plan (see also note 8).

5. Change in accounting policy:

Adoption of the Early Retirement Plan had resulted in the payment of service awards in advance of the 'normal retirement data'. As a result, commencing during the year ended March 31, 1996 the Board had adopted a policy of deferring service award payments in advance of the normal retirement date and had charged such expenditures to operations during the period of normal retirement.

Under the terms of a funding agreement with the Department of Education, the Department agreed to provide funding for service award expenditures of $570,443 which, under the former policy, would have been deferred at March 31, 2000. As a result, operations have been charged with $570,443 of deferred service award expenditures and the related funding is included in deficit assistance revenue (see note 8).

6. Province of Nova Scotia, bridge financing loans:

In connection with finalizing and balancing earlier budgets, the Board had obtained bridge financing loans in the aggregate amount of $1,368,000. With the permission of the Department the Board had included such loans in its operating revenues for the related year. Inclusion of the loans as revenue together with recognition of the loan obligation had resulted in the creation of a deferred expenditure referred to as "Deferred budgetary assistance".

During the year the Board reached an agreement with the Department concerning the ultimate repayment of the loans. Under the agreement a portion of the loans was assumed by the Department of Education (see note 8) and the remaining portion was repaid.

A continuity of the loan balance follows:

	Loan Balance			
	Beginning of Year	Less Repayments	Less Assumed By Department of Education	End of Year
Bridge Financing loans:				
1996 loan	$ 287,240	$ 68,766	$ 218,474	$ —
1997 loan	172,000	41,134	130,866	—
1998 loan	129,000	30,866	98,134	—
	588,240	140,766	447,474	—
Maintenance stabilization loan 8.4% loan repayable with annual instalments of $17,333	17,333	17,333	—	—
	$ 605,573	$ 158,099	$ 447,474	$ —

7. Fixed assets:

On January 1, 1982, the Municipality of the County of Cape Breton, the City of Sydney and the Towns of Louisbourg, Dominion, New Waterford and Glace Bay formed the Cape Breton District School Board. Under the agreement, all land and school buildings on hand at December 31, 1981 remain assets of the municipal unit but will be under the operational control of the District School Board until such time as the Board no longer requires the assets for school purposes. At that time, control will revert back to the municipality.

In 1970 the former Northside Victoria District School Board acquired title to certain land and buildings from its supporting municipalities which were to be offered back to the municipalities at no cost if they were ever declared surplus by the Board. With the amalgamation of the two Boards the agreements with municipalities for land and school buildings remains unchanged.

As a result of improvements made to school buildings, the Cape Breton Victoria Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the Regional School Board under the circumstances noted above, a portion of the proceeds will be payable to the Regional School Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the Regional School Board.

8. Deficit assistance:

During the year the Board reached agreement with the Department regarding special funding for costs incurred to march 31, 2000 and for costs which would otherwise have been incurred subsequent to March 31, 2000. Under the agreement:

- the Board recorded revenue and a corresponding receivable from the Department of Education of $1,662,572 (including $570,443 for deferred service awards as described in note 5) to fund what would otherwise have been a deficit for the year.
- The Board removed from its accounts, loans payable to the Municipal Finance Corporation with balance of $447,474 owing at March 31, 2000 together with the related asset referred to as deferred budgetary assistance.

In addition the Department of Education has indicated it will accept future responsibility for obligations under the Early Retirement Plan (see note 4).

The residual deficit for the year of $308,000 comprises an amount that may become recoverable to the Board pursuant to settlement of litigation between the Nova Scotia School Boards Association and the Nova Scotia Teachers' Union Trustees over a matter involving the teacher salary continuation insurance program (SALCON).

9. Contribution for future operations:

During the year the Board became entitled to special funding of $500,000 which the Department of Education directed be transferred to a reserve for future operations.

10. Deferred teachers' salaries:

Under terms of the teachers' contract the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2000 the Board had $1,010,490 ($954,602 at March 31, 1999) of such funds on deposit together with a corresponding liability to those teachers which amounts have not been included in these financial statements.

11. Pension plans:

The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers' Pension Act.

The Board's non-teaching staff are covered by a money-purchase pension plan administered by the Confederation Life Insurance Company.

12. Insurance:

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

13. Related party transactions:

These financial statements do not include certain expenditures paid on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments,
- P3 school and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue
Year ended March 31, 2000

	Budget	Actual
Province of Nova Scotia, formula funding:		
Unrestricted funding	$ 85,890,600	$ 85,890,600
Restricted funding:		
Special education	6,009,000	6,009,000
Learning disabilities	194,200	194,200
Capital bus purchase	571,200	571,200
Textbook credit allocation	1,097,000	1,097,000
Special initiatives:		
APEF - professional development	137,600	137,600
Class size	178,900	178,900
Junior high school	206,400	55,258
	$ 94,284,900	$ 94,133,758
Province of Nova Scotia, other funding:		
Nova Scotia Youth Training Center	$ 55,000	$ ---
Correctional program grant	34,700	35,152
Salary increases	---	377,742
Information Economy Initiative	611,825	850,856
NSTU Salcon recovery	308,000	---
3-P Transitional funding	100,000	100,000
Capital technology	200,000	---
Emergency capital	36,333	556,356
	$ 1,345,858	$ 1,920,106
Government of Canada:		
Indian and Northern Affairs Canada	$ 665,232	$ 736,967
Secretary of State:		
Minority language	56,000	45,546
French immersion	146,000	137,250
French monitor program	---	29,515
Employment and Immigration Canada:		
Seat grants	9,000	---
Student aide initiative	---	133,600
	$ 876,232	$ 1,082,878
Appropriation from Councils:		
Mandatory:		
Cape Breton Regional Municipality	$ 10,937,080	$ 10,937,080
County of Victoria	1,238,720	1,238,720
	$ 12,175,800	$ 12,175,800
Board operations:		
Cafeterias	$ 611,384	$ 646,086
Investment interest	200,000	189,837
Adult education fees	53,671	51,883
Rentals	58,400	50,955
Vocational School revenues	26,000	11,914
Adult day school fees	91,750	91,605
Other	148,387	129,386
	$ 1,189,592	$ 1,171,666

See accompanying notes to financial statements.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures
Year ended March 31, 2000

	Budget	Actual
Board management:		
Salaries, wages and employee benefits	$ 2,127,723	$ 2,369,625
Supplies and materials	133,206	117,151
Conference	80,700	73,820
Fees and dues	92,500	94,048
Telephone	54,000	54,291
Travel	36,500	36,666
Legal fees	151,000	233,998
Contracts	128,000	130,174
Insurance	52,000	52,355
Other	124,700	207,829
	$ 2,980,329	$ 3,369,957
School administration and instruction:		
Salaries, wages and employee benefits	$ 81,143,118	$ 81,702,290
Supplies and materials	1,198,625	1,187,389
Professional development	385,283	294,919
Net cost for supplementary grants (Schedule C)	---	31,228
Telephone	285,000	269,459
Travel	167,600	155,928
Other	131,400	141,797
French minority	91,000	117,578
Textbook allocation	1,097,000	1,097,000
	$ 84,499,026	$ 84,997,588
Property service:		
Salaries, wages and employee benefits	$ 5,077,770	$ 4,921,417
Supplies and materials	704,500	971,802
Electricity and fuel	2,863,386	3,187,392
Water	154,080	155,559
Travel	26,000	27,193
Vehicle operation	54,000	59,625
Insurance	263,500	263,923
Contracted services	529,980	690,855
Rental of facilities	86,500	74,638
	$ 9,759,716	$ 10,352,404
Pupil transportation:		
Salaries, wages and employee benefits	$ 3,256,947	$ 3,097,771
Vehicle operating	820,000	1,070,675
License	67,000	72,239
Insurance	46,000	51,818
Garage operation	45,000	68,390
Travel	8,000	16,468
Contract conveyance	274,000	274,429
Transit subsidy - Sydney and Glace Bay	51,000	33,914
Other	33,000	43,813
	$ 4,600,947	$ 4,729,517

See accompanying notes to financial statements.

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2000

	Budget	Actual
Special education:		
Salaries, wages and employee benefits	$ 4,062,928	$ 3,976,235
Supplies and materials	67,738	71,647
Fees and contracts	2,000	1,117
	$ 4,132,666	$ 4,048,999
Adult education:		
Salaries, wages and employee benefits	$ 132,871	$ 128,835
Supplies and materials	8,500	7,843
	$ 141,371	$ 136,678
Summer school:		
Salaries, wages and employee benefits	$ 12,000	$ 8,100
Supplies and materials	1,000	2,317
	$ 13,000	$ 10,417
School cafeterias and lunchrooms:		
Salaries, wages and employee benefits	$ 245,072	$ 230,057
Supplies and materials	361,000	357,771
Profit share	---	41,443
	$ 606,072	$ 629,271
Adult day school:		
Salaries, wages and employee benefits	$ 327,023	$ 340,010
Supplies and materials	53,200	53,687
Utilities	---	585
Telephone	5,000	4,154
	$ 385,223	$ 398,436
Capital equipment and repairs:		
Information Economy Initiative	$ 611,825	$ 850,856
Board technology initiative	175,000	174,741
Capital technology	200,000	---
Equipment, furniture and renovations	619,310	1,117,295
Busses/service vehicles	591,610	674,601
	$ 2,197,745	$ 2,817,493
Special Initiatives:		
APEF - professional development	$ 137,600	$ 136,874
Junior high school	206,400	56,102
	$ 344,000	$ 192,976

See accompanying notes to financial statements.

CAPE BRETON VICTORIA REGIONAL SCHOOL BOARD

Schedule C - Supplementary Detail of Net Grant Costs
Year ended March 31, 2000

From time to time the Board receives funding for specific expenditure purposes. The Board accounts for such funding on a net expenditure basis so as not to distort the comparison of its actual expenditures within the context of their budgetary framework. A summary of the total funding and related expenditures for the year is presented below:

Program	Revenue	Expenditure	Net Cost
Child youth services	$ 83,661	$ 83,968	$ 307
3-P textbook revenue	97,491	97,491	—
Go venture fund	67,016	68,637	1,621
Anti-racism	5,219	5,219	—
Special ed	12,634	12,752	118
Reading recovery	8,254	8,507	253
At risk black	50,644	50,979	335
2+2 degree	48,325	48,325	—
Breakfast program	37,009	37,009	—
International youth leadership	23,457	23,510	53
Industry Canada	5,556	5,556	—
Conservatory of music	4,950	4,950	—
Youth recovery	18,315	18,315	—
Cornwallis & Cusack	8,728	8,728	—
Entrepreneur	7,163	7,163	—
English as second language	3,080	3,080	—
School advisory	2,566	2,566	—
School to work northside	6,324	10,487	4,163
Technology grant	9,006	13,929	4,923
Summer technology grant	4,243	8,404	4,161
Teachers assistant review	41,200	52,309	11,109
Other	338	4,523	4,185
	$ 545,179	$ 576,407	$ 31,228

AUDITORS' REPORT

To the Chairman and Members of the
Central Regional Health Board

We have audited the statement of financial position of the Central Regional Health Board as at March 31, 2000 and the statements of operations, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

DELOITTE & TOUCHE LLP
Chartered Accountants

May 26, 2000
(Except as to Note 17, which is as of June 8, 2000)

CENTRAL REGIONAL HEALTH BOARD

Statement of Operations
Year ended March 31, 2000

	Operating Fund	Capital Fund	Total 2000	Total 1999
Revenue				
Department of Health				
Operating funding . . . . $	59,971,639 $	— $	59,971,639	$ 50,801,419
Patient services				
Preferred accommodations . .	1,934,755	—	1,934,755	1,799,719
Long-term care.	1,308,179	—	1,308,179	1,228,541
Workers' Compensation Board	275,763	—	275,763	303,142
Non-resident recoveries	397,055	—	397,055	367,856
Other.	307,230	—	307,230	158,282
MSI recoveries	2,440,876	—	2,440,876	1,570,625
Donations	—	37,622	37,622	4,151
Cafeteria revenue	260,808	—	260,808	255,154
Amortization of deferred capital grants (Note 3(f) and Note 12).	—	2,785,186	2,785,186	2,277,715
Other recoveries	472,258	2,603	474,861	511,660
	67,368,563	2,825,411	70,193,974	59,278,264
Expenses				
Nursing services (Schedule 1).	34,969,931	—	34,969,931	31,396,150
Special services (Schedule 2).	13,785,209	—	13,785,209	12,681,933
General services (Schedule 3).	4,599,913	—	4,599,913	4,248,127
General administration (Schedule 4).	3,602,649	—	3,602,649	3,906,288
Support services (Schedule 5).	6,441,917	—	6,441,917	5,225,978
Plant operation and maintenance (Schedule 6). . .	2,830,422	—	2,830,422	2,475,492
Depreciation (Note 3(d))	—	2,837,164	2,837,164	2,416,273
Grant expenses	876,008	—	876,008	1,020,276
Ability to pay on long-term debt	—	—	—	206,020
Cafeteria expenses.	239,115	—	239,115	224,421
Patient administration software support deficit. . . .	4,533	—	4,533	176,112
Homecare deficit	7,638	—	7,638	26,936
Other expenses	—	—	—	9,657
	67,357,335	2,837,164	70,194,499	64,013,663
Excess (deficiency) of revenue over expenses before accumulated deficit and debt incremental funding	11,228	(11,753)	(525)	(4,735,399)
Accumulated deficit and debt incremental funding (Note 4)	8,942,331	—	8,942,331	—
Excess (deficiency) of revenue over expenses . . . .$	8,953,559 $	(11,753) $	8,941,806 $	(4,735,399)

CENTRAL REGIONAL HEALTH BOARD

Statement of Financial Position
as at March 31, 2000

ASSETS

	Operating Fund	Capital Fund	Total 2000	Total 1999
Current				
Cash and investments (Page 66).	$ 4,697,290	$ ---	$ 4,697,290	$ 819,230
Accounts receivable (Note 5). . .	4,907,978	2,156,010	7,063,988	3,268,644
Inventories (Note 6)	716,620	---	716,620	708,223
Prepaid expenses	212,169	170,449	382,618	599,307
Due from Charitable Foundations (Note 7)	---	557,956	557,956	379,466
	10,534,057	2,884,415	13,418,472	5,774,870
Due from Long Term Care Facility (Note 8)	17,347	---	17,347	20,238
Property, plant and equipment (Note 9)	---	31,704,341	31,704,341	29,982,257
	$ 10,551,404	$ 34,588,756	$ 45,140,160	$ 35,777,365

LIABILITIES

	Operating Fund	Capital Fund	Total 2000	Total 1999
Current				
Bank indebtedness (Page 66) . . .	$ ---	$ 408,093	$ 408,093	$ 823,197
Accounts payable and accrued liabilities (Note 10) .	8,017,905	1,959,929	9,977,834	7,092,422
Revenue received in advance	2,512,886	---	2,512,886	6,674,365
Current portion of long-term debt (Note 11)	---	---	---	155,922
Due to Charitable Foundations (Note 7)	9,385	---	9,385	---
	10,540,176	2,368,022	12,908,198	14,589,984
Long-term debt (Note 11).	---	---	---	115,354
Deferred capital grants (Note 12).	---	32,013,613	32,013,613	29,639,562
	10,540,176	34,381,635	44,921,811	44,344,900

FUND BALANCES

	Operating Fund	Capital Fund	Total 2000	Total 1999
Unrestricted (Page 4)	(84,164)	207,121	122,957	(8,995,674)
Restricted (page 4).	95,392	---	95,392	272,217
	11,228	207,121	218,349	(8,723,457)
	$ 10,551,404	$ 34,588,756	$ 45,140,160	$ 35,621,443

CENTRAL REGIONAL HEALTH BOARD

Statement of Changes in Fund Balances
Year ended March 31, 2000

	Operating Fund	Capital Fund	Total 2000	Total 1999
Unrestricted, beginning of year...	$ (9,214,548)	$ 218,874	$ (8,995,674)	$ (4,337,164)
Excess (deficiency) of revenue over expenditures (Page 63)........	8,953,559	(11,753)	8,941,806	(4,735,399)
Transfer from restricted (Note 14)..	176,825	---	176,825	78,889
Transfer to Charitable Foundations .	---	---	---	(2,000)
	9,130,384	(11,753)	9,118,631	(4,658,510)
Unrestricted, end of year.........	$ (84,164)	$ 207,121	$ 122,957	$ (8,995,674)
Restricted,beginning of year.....	$ 272,217	$ ---	$ 272,217	$ 462,699
Transfer to unrestricted (Note 14)..	(176,825)	---	(176,825)	(78,889)
Transfer to deferred capital grants...	---	---	---	(111,593)
Restricted, end of year..........	$ 95,392	$ ---	$ 95,392	$ 272,217

CENTRAL REGIONAL HEALTH BOARD

Statement of Cash Flows
Year ended March 31, 2000

	Operating Fund	Capital Fund	Total 2000	Total 1999
Net inflow(outflow) of cash related to the following activities:				
Operating				
Excess (deficiency) of revenue over expenses (Page 63).....	$ 8,953,559	$ (11,753)	$ 8,941,806	$ (4,735,399)
Adjusted for:				
Amortization of deferred capital grants (Page 63)..	---	(2,785,186)	(2,785,186)	(2,277,715)
Depreciation (Page 63).....	---	2,837,164	2,837,164	2,416,273
Gain on disposal of equipment.............	---	---	---	(1,637)
Changes in non-cash working capital items (Note 13)............	(5,078,390)	46,166	(5,032,224)	6,106,396
	3,875,169	86,391	3,961,560	1,507,918
Financing				
Proceeds of Long Term Care Facility.............	2,891	---	2,891	---
Proceeds from long-term debt (Note 11)............	---	---	---	137,426
Repayment of long-term debt (Note 11)............	---	(271,276)	(271,276)	(143,750)
Proceeds from capital grants (Note 12)...........	---	5,159,237	5,159,237	2,560,220
	2,891	4,887,961	4,890,852	2,553,896
Investing				
Transfer to deferred capital grants (Page 65)...........	---	---	---	(111,593)
Transfer to Charitable Foundations (Page 65)......	---	---	---	(2,000)
Acquisition of property, plant and equipment............	---	(4,559,248)	(4,559,248)	(2,895,092)
Proceeds on sale of equipment................	---	---	---	5,550
	---	(4,559,248)	(4,559,248)	(3,003,135)
Net cash inflow...............	3,878,060	415,104	4,293,164	1,058,679
(Bank indebtedness) cash and investments, beginning of year.......................	819,230	(823,197)	(3,967)	(1,062,646)
Cash and investments (bank indebtedness), end of year.....	$ 4,697,290	$ (408,093)	$ 4,289,197	$ (3,967)

CENTRAL REGIONAL HEALTH BOARD

Notes to the Financial Statements
Year ended March 31, 2000

1. MISSION STATEMENT

The Central Regional Health Board is responsible for the development of health plans within the Central Region of the Province of Nova Scotia as well as their incorporation into an integrated delivery system, and the promotion of improved health status for individuals.

2. DESCRIPTION OF ORGANIZATION

The Facilities operated by the Central Regional Health Board are Dartmouth General Hospital and Community Health Centre, Hants Community Hospital, Twin Oaks Memorial Hospital, Musquodoboit Valley Memorial Hospital, Eastern Shore Memorial Hospital, and Cobequid Multi-Service Centre.

In addition, the Board supports seven (7) Community Health Boards and is responsible for delivery of addiction and public health services within the Central Region of Nova Scotia.

As of October 21, 1999, the governance of the Central Regional Health Board was transferred to the Department of Health.

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the following significant accounting policies:

a) Fund Accounting

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Central Regional Health Board's capital assets.

b) Revenue Recognition

The Central Regional Health Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received is estimated and collection is reasonably assured.

Restricted income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

c) Capital Assets

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution.

d) Depreciation

Depreciation on major equipment is calculated on the straight-line method at rates based on the estimated useful life of the assets. Depreciation is recorded on the buildings on the diminishing balance method at either 2.5% or 5% per year.

e) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions with which capital assets of the Central Regional Health Board were originally purchased.

f) Amortization of Deferred Capital Grants

Amortization of deferred capital grants is calculated and taken into revenue of the capital fund on the same basis as the depreciation of the related assets.

g) Vacation pay

The Central Regional Health Board follows the policy of recording the estimated vacation pay liability owed to staff. At March 31, 2000 the amount was $1,939,090 (1999 - $1,761,018).

h) Investments

Investments are recorded at the lower of cost or market value.

4. DEPARTMENT OF HEALTH ACCUMULATED DEFICIT AND DEBT INCREMENTAL FUNDING

In the Minister of Health's letter of November 25, 1999, the government confirmed its intention to cover accumulated debts and deficits of Regional Health Boards as at March 31, 1999. This incremental, one time amount was $8,942,331 for operating deficits and is recorded as revenue, and for capital the amount was $532,488 which is recorded as a contribution to deferred capital grants.

5. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	Total 2000	Total 1999
Patient care	$ 753,016	$ ---	$ 753,016	$ 689,486
Less: Allowance for doubtful accounts	(83,515)	---	(83,515)	(73,891)
	669,501	---	669,501	615,595
Department of Health				
Current year deficit	1,200,000	---	1,200,000	---
Accrued vacation pay	1,761,018	---	1,761,018	---
E.D.I.P. Program	---	---	---	30,448
Capital Equipment Grants	---	1,882,543	1,882,543	897,178
HST Rebates	424,995	273,467	698,462	499,302
Home Support	11,446	---	11,446	727,037
Other	841,018	---	841,018	499,084
	$ 4,907,978	$ 2,156,010	$ 7,063,988	$ 3,268,644

6. INVENTORIES

	2000	1999
Medical and surgical	$ 237,417	$ 214,588
Drugs	274,315	249,031
General	195,189	222,389
Dietary and cafeteria	9,699	22,215
	$ 716,620	$ 708,223

7. DUE (TO) FROM CHARITABLE FOUNDATIONS

The operating fund has a balance of $(9,385) [1999 - $10,281] due from (to) the Dartmouth General Hospital Charitable Foundation. The capital fund is owed $451,447 (1999 - $291,330) from the Dartmouth General Hospital Charitable Foundation, and $106,509 (1999 - $75,753) from Cobequid Multi-Service Centre Charitable Foundation for capital purhases made during the year. These amounts are non-interest bearing and will be paid within the current year.

8. DUE FROM LONG TERM CARE FACILITY

A loan in the amount of $17,347 is owing to the Central Regional Health Board from Braeside Home for Special Care for its sewage treatment system. This loan is non-interest bearing and is being repaid over 15 years.

9. PROPERTY, PLANT AND EQUIPMENT

			Net Book Value	
	Cost	Accumulated Depreciation	2000	1999
Land	$ 536,340	$ ---	$ 536,340	$ 536,340
Land improvements	156,072	124,501	31,571	36,982
Building	40,074,464	17,458,978	22,615,486	22,998,438
Major equipment	25,022,291	17,639,913	7,382,378	6,074,115
Construction in progress	1,138,566	---	1,138,566	336,382
	$ 66,927,733	$ 35,223,392	$ 31,704,341	$ 29,982,257

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	Total 2000	Total 1999
Trade payables	$ 2,235,238	$ 1,959,929	$ 4,195,167	$ 2,137,951
Salaries, employee deductions and accrued vacation pay	5,782,667	---	5,782,667	4,556,577
Department of Health Capital debt assistance	---	---	---	397,894
	$ 8,017,905	$ 1,959,929	$ 9,977,834	$ 7,092,422

11. LONG TERM DEBT

	Operating Fund	Capital Fund	Total 2000	Total 1999
Department of Health, Demand Loan				
Non-interest bearing, repayable from future surplus	$ —	$ —	$ —	$ 133,850
Obligations under Capital Lease				
Bearing interest at 6.5% for a 7-year term and maturing between September 2004 and April 2005.	—	—	—	137,426
	—	—	—	271,276
Principal portion repayable within one year.	—	—	—	155,922
	$ —	$ —	$ —	$ 115,354

12. DEFERRED CAPITAL GRANTS

Deferred Capital Grants reported in the Capital Fund include the unamortized portions of contributed capital assets and restricted contributions with which capital assets of the Central Regional Health Board were originally purchased.

The changes for the year in deferred capital grants reported in the Capital Fund are as follows:

	2000	1999
Balance, beginning of year	$ 29,639,562	$ 29,357,057
Add: Capital grants received during the year		
Cobequid Multi Services Centre Charitable Foundation. . .	196,331	75,753
Dartmouth General Hospital Charitable Foundation	471,197	2,083,515
Department of Health.	4,027,021	124,500
Hants Community Hospital Charitable Foundation and Auxiliary.	—	97,518
Musquodoboit Valley Memorial Hospital Auxiliary	4,881	2,102
Transfer from operating fund.	—	111,593
Other - emergency expansion grant	413,197	65,239
Other - donations and grants	46,610	—
	5,159,237	2,560,220
	34,798,799	31,917,277
Deduct: Amortization.	(2,785,186)	(2,277,715)
Balance, end of year.	$ 32,013,613	$ 29,639,562

13. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total 2000	Total 1999
Accounts receivable	$ (2,600,436)	$ (1,194,908)	$ (3,795,344)	$ (140,197)
Inventories	(8,397)	---	(8,397)	199,102
Prepaid expenses	387,138	(170,449)	216,689	217,746
Due from (to) Charitable Foundations.	19,666	(188,771)	(169,105)	75,016
Accounts payable and accrued liabilities	1,285,118	1,600,294	2,885,412	1,088,219
Revenue received in advance.	(4,161,479)	---	(4,161,479)	4,666,510
	$ (5,078,390)	$ 46,166	$ (5,032,224)	$ 6,106,396

14. RESTRICTED FUND BALANCES

Surpluses generated by excess operating revenue from the Department of Health over expenditures for both Public Health Services and Drug Dependency Services are restricted by the Department of Health. These surpluses can only be used to fund future operations of Public Health Services and Drug Dependency Services and are transferred to the restricted fund balances. The deficits generated during the year and transferred from the restricted fund balances are as follows:

	2000	1999
Public Health Services	$ (60,450)	$ (71,134)
Drug Dependency Services	(116,375)	(7,755)
	$ (176,825)	$ (78,889)

15. PENSION PLANS

The Central Regional Health Board participates in a multi-employer pension plan administered by the Nova Scotia Association of Health Organizations for the employees at primary care facilities and the Department of Finance for Public Health and Drug Dependency employees. The most recent NSAHO actuarial valuation was conducted as at December 31, 1996 and showed an unfunded liability for the entire NSAHO plan of Nil. The Department of Finance completed an actuarial valuation at October 31, 1998 and it also showed an unfunded liability for the entire plan of Nil.

16. CONTINGENCIES

No provision has been made in the financial statements for retirement award liabilities for staff who have not confirmed their intention to retire prior to March 31, 2000. Staff retirement awards will be funded out of current year's operations in the year in which the staff member has confirmed their intention to retire.

17. SUBSEQUENT EVENT

On June 8, 2000, Bill 34, The Health Authorities Act, was passed by the Province of Nova Scotia to provide for Community Health Boards and District Health Authorities. This Act provides for the establishment of District Health Authorities and the transfer of governance and the management of delivery of the health services from Regional Health Boards to the District Health Authorities.

18. COMPARATIVE FIGURES

Certain of the 1999 comparative figures have been reclassified to reflect the 2000 financial statement presentation.

CENTRAL REGIONAL HEALTH BOARD

Schedule 1

Nursing Services Expenses
Year ended March 31, 2000

	2000	1999
Nursing administration	$ 498,216	$ 553,394
Nursing units	19,644,733	18,121,816
Haliburton place	1,470,297	1,369,460
Surgical suite	3,433,525	3,138,559
Emergency and out-patient department	4,816,331	4,599,595
Geriatrics	5,692	5,364
Intensive care unit	2,430,944	1,884,282
Occupational health and infection control	61,457	75,540
Patient transportation	7,095	7,534
Dental clinic	260,267	203,717
Emergency room doctors	2,165,861	1,436,889
Staff doctors	175,513	—
	$ 34,969,931	$ 31,396,150

Schedule 2

Special Services Expenses
Year ended March 31, 2000

	2000	1999
Laboratory	$ 5,629,784	$ 5,383,492
Electrocardiography	182,436	149,097
Pharmacy	529,254	531,444
Radiology	3,779,634	3,274,855
Respiratory	379,842	326,237
Mental health	328,614	254,631
Rehabilitation services	1,078,875	1,073,097
Community health programs	996,511	1,105,504
Education	180,008	132,424
Social Services	264,574	226,987
Telehealth	31,243	—
Y2K expenditures	312,036	114,402
Physicians offices	92,398	109,763
	$ 13,785,209	$ 12,681,933

Schedule 3

General Services Expenses
Year ended March 31, 2000

	2000	1999
Dietary	$ 2,417,579	$ 2,192,019
Laundry/linen	526,280	543,214
Environment services	1,656,054	1,512,894
	$ 4,599,913	$ 4,248,127

CENTRAL REGIONAL HEALTH BOARD

Schedule 4

General Administration Expenses
Year ended March 31, 2000

	2000	1999
Site administration	$ 1,067,341	$ 1,272,422
Drug Dependency administration	553,481	533,202
Public Health administration	496,468	535,105
Regional administration	1,485,359	1,565,559
	$ 3,602,649	$ 3,906,288

Schedule 5

Support Services Expenses
Year ended March 31, 2000

	2000	1999
Human resources	$ 216,545	$ 147,747
Communications	106,604	80,587
Community health boards	725,209	394,523
Finance	745,340	670,623
Information services	814,792	679,513
Materials management	1,440,134	1,186,754
Quality management	39,595	38,940
Medical records	1,160,746	1,155,036
Central registration	614,098	545,037
Switchboard	128,368	127,816
Medical services support	440,556	158,665
Volunteer services	9,930	40,737
	$ 6,441,917	$ 5,225,978

Schedule 6

Plant Operation and Maintenance Expenses
Year ended March 31, 2000

	2000	1999
Plant operation	$ 1,821,150	$ 1,549,212
Security	200,074	189,563
Plant maintenance	802,908	730,379
Motor service	6,290	6,338
	$ 2,830,422	$ 2,475,492

CHECK INNS LIMITED

The following statements for Check Inns Limited are unaudited.

Unaudited

CHECK INNS LIMITED

Balance Sheet
March 31, 2000

Assets	$ ---	$ ---

LIABILITIES

Current		
Payables and accruals		
Trade	$ ---	$ ---
Department of Tourism and Culture	89,907	89,907
	89,907	89,907

SHAREHOLDER'S EQUITY

Capital Stock		
Authorized:		
5,000 common shares with par value of $1 each		
Issued:		
3 common shares	3	3
Retained earnings	(89,910)	(89,910)
	(89,907)	(89,907)
	$ ---	$ ---

Statement of Loss and Retained Earnings
year ended March 31, 2000

	2000	1999
Expenses		
Loss before depreciation	$ ---	$ ---
Depreciation	---	110,520
Net loss	$ ---	$ 110,520

Retained earnings, beginning of year	$ (89,910)	$ 20,610
Net loss	---	(110,520)
Retained earnings, end of year	$ (89,910)	$ (89,910)

AUDITORS' REPORT

To the Chairperson and Members
of the Board

We have audited the balance sheets of Chignecto-Central Regional School Board as at March 31, 2000 and the statements of operations, surplus, investment in capital assets and continuity of reserves for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP
Chartered Accountants

Halifax, Canada
July 7, 2000

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current assets:		
Cash	$ 1,398,251	$ 9,245
Accounts receivable:		
Government of Canada (note 2)	1,094,104	1,372,890
Province of Nova Scotia (note 3)	3,556,552	3,408,769
Municipalities	273,308	283,405
Other	588,995	520,270
Prepaid expenses	53,852	390,676
Deferred service award expenditures (note 4)	---	636,924
	6,965,062	6,622,179
Other assets:		
Deferred service award expenditures (note 4)	---	829,283
Discount on debenture	---	4,435
Restricted cash and investments	706,539	235,931
	706,539	1,069,649
Capital assets (note 5):		
School buildings and land	79,674,129	78,141,075
Equipment and furnishings	31,551,371	29,302,868
School buses and maintenance vehicles	10,199,767	9,822,469
	121,425,267	117,266,412
	$ 129,096,868	$ 124,958,240

LIABILITIES and EQUITY

	2000	1999
Current liabilities:		
Bank indebtedness	$ ---	$ 1,288,587
Accounts payable and accrued liabilities	5,798,640	4,915,536
Deferred revenue	579,450	1,168,250
Due to Trust Funds	51	159
Current portion of Province of Nova Scotia, capital improvement loans	---	138,554
Current portion of term debt	---	220,000
	6,378,141	7,731,086
Other liabilities:		
Obligation under Early Retirement Program (note 6)	28,977,405	28,977,405
Province of Nova Scotia, capital improvement loans (note 7)	---	318,346
Term debt (note 8)	---	660,000
	28,977,405	29,955,751
Equity:		
Deficiency in Early Retirement Program (note 6)	(28,977,405)	(28,977,405)
Reserves	1,206,488	235,772
Investment in capital assets	121,486,297	115,994,977
Surplus - non-restricted	25,942	18,059
	93,741,322	87,271,403
	$ 129,096,868	$ 124,958,240

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current assets:		
Cash	$ 1,398,251	$ 9,245
Accounts receivable:		
Government of Canada (note 2)	1,094,104	1,372,890
Province of Nova Scotia (note 3)	3,556,552	3,408,769
Municipalities	273,308	283,405
Other	588,995	520,270
Prepaid expenses	53,852	390,676
Deferred services award expenditures (note 4)	—	636,924
	6,965,062	6,622,179
Other assets:		
Deferred service award expenditures (note 4)	—	829,283
Restricted cash and investments	665,009	196,403
	665,009	1,025,686
	$ 7,630,071	$ 7,647,865

LIABILITIES AND EQUITY (DEFICIT)

	2000	1999
Current liabilities:		
Bank indebtedness	$ —	$ 1,288,587
Accounts payable and accrued liabilities	5,798,640	4,915,536
Deferred revenue	579,450	1,168,250
Due to own funds	1,226,039	257,433
	7,604,129	7,629,806
Other liabilities:		
Obligation under Early Retirement Program (note 6)	28,977,405	28,977,405
Equity (deficit):		
Deficiency in Early Retirement Program (note 6)	(28,977,405)	(28,977,405)
Surplus - non-restricted	25,942	18,059
	(28,951,463)	(28,959,346)
	$ 7,630,071	$ 7,647,865

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Statement of Operations
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Revenue (schedule A):			
Province of Nova Scotia	$ 109,631,500	$ 112,221,767	$ 107,836,513
Government of Canada	1,753,000	2,267,676	1,955,030
Appropriation from Councils	18,339,434	18,339,436	17,925,161
Board operations	2,996,728	3,145,333	2,128,291
	132,720,662	135,974,212	129,844,995
Expenditures (schedule B):			
Regional services	3,798,633	3,762,638	3,759,732
Instructional services	91,710,498	91,520,544	86,792,535
Property service	13,329,143	13,935,725	13,271,842
Pupil transportation	7,580,186	7,788,166	7,366,573
Special education	11,835,312	12,002,728	10,982,508
Adult education	558,664	614,862	563,569
Summer school	96,875	79,442	75,498
Cafeteria	881,520	1,247,120	1,135,163
Capital equipment, repairs and renovations	2,547,469	3,632,033	5,236,572
Debt service costs	382,342	414,357	575,569
Transfer to reserve for Instructional Program Enhancement	---	500,000	---
Transfer to reserve for future operations (note 12)	---	468,714	78,969
	132,720,662	135,966,329	129,838,530
Excess of revenue over expenditures	$ ---	$ 7,883	$ 6,465

Statement of Surplus
Year ended March 31, 2000

	2000	1999
Surplus, beginning of year	$ 18,059	$ 11,594
Excess of revenue over expenditures	7,883	6,465
Surplus, end of year	$ 25,942	$ 18,059

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Due from own funds	$ 61,030	$ 61,030
Discount on debentures	---	4,435
Capital assets (note 5):		
School buildings and land	79,674,129	78,141,075
Equipment and furnishings	31,551,371	29,302,868
School buses and maintenance vehicles	10,199,767	9,822,469
	$ 121,486,297	$ 117,331,877

LIABILITIES

	2000	1999
Province of Nova Scotia, capital improvement loans (note 7)	$ ---	$ 456,900
Term debt (note 8)	---	880,000
	---	1,336,900

EQUITY

	2000	1999
Investment in capital assets	121,486,297	115,994,977
	$ 121,486,297	$ 117,331,877

Statement of Investment in Capital Assets
Year ended March 31, 2000

	2000	1999
Balance, beginning of year	$ 115,994,977	$ 109,172,059
Capital asset purchases funded from operations:		
School buildings and land	937,417	2,103,380
Equipment and furnishings	1,872,177	2,384,945
School buses and maintenance vehicles	822,439	748,247
Donated capital assets:		
School buildings	595,637	120,011
Equipment and furnishings	376,326	933,636
	4,603,996	6,290,219
Capital debt repayment:		
Retirement of debt	357,448	497,969
Forgiveness of debt by Province of Nova Scotia	975,017	412,222
Retirement of capital assets:		
School buses and maintenance vehicles	(445,141)	(229,656)
School buildings	---	(147,836)
Balance, end of year	$ 121,486,297	$ 115,994,977

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Reserve Fund Balance Sheet
March 31, 2000

		2000		1999
ASSETS				
Cash and investments	$	41,530	$	39,528
Due from own funds		1,164,958		196,244
	$	1,206,488	$	235,772
RESERVES				
Reserve for Instructional Program Enhancement	$	638,498	$	169,784
Reserve for School Advisory Councils		18,633		18,633
Reserve for future operations		500,000		---
Special Capital Reserve		13,258		13,180
Capital Reserve		36,099		34,175
	$	1,206,488	$	235,772

Statement of Continuity of Reserves
Year ended March 31, 2000

		2000		1999
Balance, beginning of year	$	235,772	$	155,343
Interest earned		2,002		1,460
		237,774		156,803
Transfer from current operations:				
Instructional Program Enhancement		468,714		(78,969)
Future operations		500,000		---
Balance, end of year	$	1,206,488	$	235,772

See accompanying notes to financial statements.

Notes to Financial Statements
Year ended March 31, 2000

Pursuant to an act passed by the Province of Nova Scotia, the Colchester-East Hants District School Board, Cumberland District School Board, and the Pictou District School Board were amalgamated to form the Chignecto-Central Regional School Board. The Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system.

1. Significant accounting policies:

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Capital assets acquired with operating funds are recorded as an expenditure when incurred. Teachers' salaries are paid on a cash basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Capital assets:

Capital assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The School Board does not record depreciation on its capital assets.

(d) Basis of consolidation:

The consolidated balance sheet has been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook. Trust funds are not included in the consolidation (see note 10) and interfund balances have been eliminated.

2. Accounts receivable, Government of Canada:

	2000	1999
Band Councils	$ 429,097	$ 676,968
Goods and Services Tax	477,779	690,631
Other	187,228	5,291
	$ 1,094,104	$ 1,372,890

3. Accounts receivable, Province of Nova Scotia:

	2000	1999
Special capital projects	$ 350,167	$ 1,245,494
Service award funding	829,954	---
Technology Grant	---	575,000
Other	2,376,431	1,588,275
	$ 3,556,552	$ 3,408,769

4. Service Award Program:

Under the terms of the agreements with the local units of the Nova Scotia Teachers' Union, the Board is required to pay a service award to each teacher who accumulates a defined minimum of years service with the Board and is employed by the Board immediately prior to retirement.

As at March 31, 2000 management has not estimated the liability for service award credits earned to date.

Adoption of the Early Retirement Program has resulted in the payment of service awards in advance of the 'normal' retirement date. In prior years, the Board adopted a policy of deferring service award payments made in advance of the normal retirement date and charging such expenditures to operations during the period of normal retirement. As at March 31, 2000 the Province of Nova Scotia has fully funded the outstanding deferred service award payments in the amount of $829,954. As a result, this amount has been recorded in the Statement of Operations as revenue from the Province along with an equal amount of expenditure to reflect the write-off of the deferred asset.

5. Capital assets:

In 1982, on creation of the former District School Boards, an agreement was made with respect to capital assets which stated that all land and school buildings on hand at December 31, 1981 remain assets of the municipal units but will be under the operational control of the District School Boards until such time as the School Boards no longer require the assets for school purposes. At that time, control will revert back to the municipalities. In addition, one of the former District School Boards also had an agreement to offer back to the municipalities, at no cost, certain land and buildings acquired in 1970 if they are ever declared surplus by the Board. These agreements have been carried forward to the Regional School Board.

As a result of improvements made to school buildings, the Chignecto-Central Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a building returned by the Regional School Board under the circumstances noted above, be sold by the Municipal unit or destroyed, a portion of any proceeds will be payable to the Regional School Board.

6. Early Retirement Program:

On July 22, 1994 regulations governing the Nova Scotia Teachers' Early Retirement (1994-98) Program were enacted by the Province of Nova Scotia. This program entitles teachers who meet the eligibility criteria to elect to retire at a date preceding their normal retirement date.

The program operates and is accounted for in the following manner. For each program participant the Board records the present value of the prescribed obligation together with a corresponding deferred expenditure amount. In respect of each participant, the obligation is being repaid in monthly instalments; payments are charged to operations. In addition, both the deferred expenditure account and the obligation are reduced by the extent of the principal retired.

The Early Retirement Plan (1994-1998) resulted in the Regional School Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the Regional School Board to fulfill the annual obligation due under provisions of the Early Retirement plan.

As at March 31, 2000, updated information on the amount of the obligation is not available and accordingly the balance remains unchanged from the prior year.

7. Province of Nova Scotia, capital improvement loans:

	2000	1999
Bridge financing loan for leasehold improvements to the 60 Lorne Street facility, non-interest bearing	$ ---	$ 322,500
Maintenance Stabilization Trust Fund loan, bearing interest at 6% per annum.	---	134,400
	---	456,900
Less current portion	---	138,554
	$ ---	$ 318,346

The Province of Nova Scotia forgave in full all loan indebtedness as at March 31, 2000.

8. Term debt:

	2000	1999
Nova Scotia Municipal Finance Corporation, bearing interest a 5.125% to 5.5% per annum	$ ---	$ 880,000
Less current portion	---	220,000
	$ ---	$ 660,000

The Province of Nova Scotia assumed the Municapal Finance Corporation debt as at March 31, 2000, and forgave in full the term debt outstanding at March 31, 2000.

9. Insurance:

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

10. Trust funds (schedules C and D):

The following are trust fund balances:

	2000	1999
ARHS Prize	$ 1,972	$ 2,007
Biggs	21,117	21,099
Brine	1,201	1,305
Campbell	1,205	1,202
Charity-Cash	---	1,962
Chignecto Family	7,229	4,891
Christie	13,329	13,147
Cole	2,070	2,030
Coleman	(19)	20
Decker	6,316	6,086
Dempsey	211	176
Devenne	4,812	4,834
Dowe	716	713
Dunbar	3,017	3,001
Eaton	1,872	1,888
Edwards	2,467	2,077
Fields	1,731	1,725
Fife	600	---
Fulmer	10,021	---
Gosse	2,450	2,191
Harrison	5,104	5,084
Hewson	23,324	23,269
Kirkpatrick	1,678	1,689
LaFarge	10,000	10,100
MacInnes	2,000	2,000
MacKenzie	12,084	12,002
McBrien	5,510	5,507
McIver	1,558	1,500
McIver	5,872	6,477
Parker	2,711	2,530
Parrsboro Prize	1,001	1,040
Puglsey	73,742	73,050
Roach	1,072	984
Smith	1,535	1,536
Sorge	5,479	5,469
Stay-in-School	13,986	14,109
Sutherland	---	1,000
Tingley	13,033	12,913
Tye	28,493	26,358
	$ 290,499	$ 276,971

11. Pension plans:

The Regional School Board makes payments into several pension plans for various eligible non-teaching staff. Some of these pension plans are of the money purchase type and are administered on behalf of the Board by Crown Life Insurance Company and Standard Life Assurance Company.

In addition, some eligible non-teaching staff participate in two defined benefit pension plans. One of these plans is held on behalf of the Regional School Board by the Nova Scotia School Boards Association. The latest actuarial valuation was performed on December 31, 1994 and indicated accrued pension benefits of $280,300 and pension fund assets with market values of $292,800. The second defined benefit pension plan is held by an outside fund manager on behalf of the Chignecto-Central Regional School Board. The latest actuarial valuation was performed on January 1, 1997 and indicated accrued pension benefits of $3,394,561 and pension fund assets with market values of $3,843,764.

The Regional School Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

12. Public education funding for 2000-2001

On May 5, 2000 the Department of Education and the Regional School Boards reached an agreement on funding for public education for the 2000-2001 fiscal year. For the year ending March 31, 2000 the Department agreed to fund the following items:

- accumulated deficits as at March 31, 2000;
- outstanding liabilities at March 31, 2000 to the Municipal Finance Corporation (note 8);
- deferred service awards as at March 31, 2000 (note 4);
- outstanding liabilities at March 31, 2000 to the Maintenance Stabilization Fund (note 7);
- outstanding bridge financing liabilities (note 7);
- a $500,000 reserve for future operations.

As the Board has recorded a surplus each of the last four years since amalgamation, there is no accumulated deficit as at March 31, 2000, consequently, the Board received no financial assistance in this area.

The $500,000 funding is a one time payment and has been recorded in the Statement of Operations as revenue from the Province of Nova Scotia. A corresponding amount of $500,000 has been charged to the Statement of Operations to transfer this amount to an unrestricted reserve for future operations, as directed by the Province.

13. Comparative figures:

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Province of Nova Scotia:			
General formula	$ 98,819,800	$ 98,819,800	$ 87,854,626
Pupil transportation	---	---	8,339,400
Special education	7,078,400	7,078,400	6,739,442
Textbook credit allocation	1,127,700	1,127,700	1,081,646
Severe Learning Disabilities	225,100	225,100	225,130
Capital debt	220,000	268,409	355,411
Capital transportation	1,024,800	1,024,800	1,024,800
Emergency capital grants	---	185,000	592,000
French special projects	322,000	69,497	61,732
Service awards funding	---	829,954	---
Information Economy Initiative	---	638,597	729,923
Other	813,700	1,954,510	832,403
	$ 109,631,500	$ 112,221,767	$ 107,836,513
Government of Canada:			
Indian and Northern Affairs Canada	$ 1,700,000	$ 1,898,950	$ 1,628,894
Secretary of State:			
Minority language	53,000	39,210	73,016
French Special Projects	---	173,743	154,330
Employment and Immigration Canada	---	145,773	98,790
Other	---	10,000	---
	$ 1,753,000	$ 2,267,676	$ 1,955,030
Appropriation from Councils:			
Municipality of Colchester	$ 4,313,807	$ 4,313,807	$ 4,167,515
Municipality of Cumberland	2,115,698	2,115,698	2,044,079
Municipality of East Hants	2,409,822	2,409,828	2,290,301
Municipality of Pictou	3,035,702	3,035,700	3,020,277
Town of Amherst	1,142,000	1,142,004	1,105,024
Town of New Glasgow	1,202,412	1,202,412	1,208,424
Town of Oxford	164,808	164,808	163,206
Town of Parrsboro	137,808	137,808	136,013
Town of Pictou	343,949	343,944	336,988
Town of Springhill	370,490	370,488	366,818
Town of Stellarton	524,803	524,808	519,411
Town of Stewiacke	146,668	146,664	144,244
Town of Trenton	215,938	215,940	213,467
Town of Truro	1,965,520	1,965,520	1,964,297
Town of Westville	250,009	250,007	245,097
	$ 18,339,434	$ 18,339,436	$ 17,925,161
Board operations:			
Cafeterias	$ 881,520	$ 1,227,131	$ 1,130,630
Investment interest	170,000	175,947	280,063
Adult education fees	129,500	151,027	153,785
Rentals	600,357	500,547	440,285
Summer School	30,500	29,152	29,423
International Student Program	30,000	119,043	71,493
Other	1,154,851	942,486	22,612
	$ 2,996,728	$ 3,145,333	$ 2,128,291

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Regional services:			
Salaries and wages	$ 2,235,691	$ 2,253,371	$ 2,083,723
Board member honorarium	129,000	118,755	121,735
Employee benefits	225,947	252,154	184,544
Supplies and materials	252,100	215,802	315,517
Travel and conference - Staff	219,000	231,206	264,535
Travel and conference - Board	85,600	63,063	59,196
Telephone	92,800	73,270	115,762
Professional fees	161,000	193,327	207,225
Administrative services	204,110	140,083	154,160
Facilities rental	23,832	22,246	22,774
Dues and fees	104,753	102,378	108,458
Advertising	48,500	50,292	55,969
Consulting and contracted services	15,000	45,168	62,249
Other	1,300	1,523	3,885
	$ 3,798,633	$ 3,762,638	$ 3,759,732
Instructional services:			
Salaries and wages	$ 80,391,743	$ 80,035,505	$ 76,997,007
Employee benefits	5,479,846	4,811,494	5,241,892
Service awards	761,829	1,553,509	355,323
Supplies and materials	2,741,197	2,410,838	1,921,174
Textbook credit allocation	1,115,162	1,127,700	1,081,646
Travel and conferences	337,500	407,027	339,572
In-service training	130,299	289,438	124,867
Program initiatives	213,025	350,258	324,430
Telephone	326,275	292,157	241,351
Computer services	208,622	228,998	140,305
Other	5,000	13,620	24,968
	$ 91,710,498	$ 91,520,544	$ 86,792,535
Property service:			
Salaries and wages	$ 6,909,037	$ 6,861,677	$ 7,051,673
Employee benefits	1,042,951	1,019,498	884,511
Supplies and materials	1,362,433	1,289,591	1,329,689
Utilities	3,347,950	3,971,661	3,328,879
Travel, conference and in-services	45,150	51,733	75,783
Insurance	275,000	274,652	272,357
Contracted Services	280,000	409,092	267,877
Telephone	52,802	52,369	51,374
Other	13,820	5,452	9,699
	$ 13,329,143	$ 13,935,725	$ 13,271,842
Pupil transportation:			
Salaries and wages	$ 4,031,328	$ 3,878,697	$ 4,013,303
Employee benefits	619,408	560,171	505,870
Vehicle operating	929,950	1,090,811	965,891
License	70,000	68,141	69,013
Insurance	70,000	66,754	63,998
Garage expenses	59,000	35,417	29,986
Travel, conferences and in-services	9,600	24,188	18,547
Contract conveyance	1,750,000	2,033,770	1,672,050
Bus site maintenance	15,000	11,876	7,176
Telephone	25,900	18,341	20,454
Other	---	---	285
	$ 7,580,186	$ 7,788,166	$ 7,366,573

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Special education:			
Salaries and wages	$ 10,800,019	$ 10,872,496	$ 9,988,509
Employee benefits.	732,793	811,738	766,253
Supplies and materials	169,000	140,007	115,451
Circuit and resource travel.	63,000	52,003	46,803
Travel, conferences and in-services . .	44,500	106,447	46,732
Telephone	26,000	19,518	18,268
Other.	---	519	492
	$ 11,835,312	$ 12,002,728	$ 10,982,508
Adult education:			
Salaries and wages	$ 398,939	$ 434,634	$ 397,088
Employee benefits.	28,000	43,363	32,535
Contracted services	30,072	42,219	44,003
Travel and conference	16,500	16,769	12,796
Supplies and materials	48,000	45,119	37,875
Advertising	21,453	14,123	21,517
Facilities rental.	7,500	8,741	8,676
Telephone and computer services	8,200	9,894	9,079
	$ 558,664	$ 614,862	$ 563,569
Summer school:			
Salaries, wages and employee benefits	$ 89,375	$ 2,077	$ 6,101
Contracted services	2,000	75,000	67,396
Supplies and materials.	3,500	2,215	1,669
Travel and conference	2,000	150	332
	$ 96,875	$ 79,442	$ 75,498
Cafeteria:			
Salaries and wages	$ 305,600	$ 430,089	$ 399,052
Employee benefits.	38,320	52,254	47,289
Supplies and materials.	487,600	685,435	622,633
Contracted services	50,000	79,342	66,189
	$ 881,520	$ 1,247,120	$ 1,135,163

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule C - Trust Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Cash and investments	$ 290,448	$ 276,287
Accounts receivable	---	525
Due from Operating Fund	51	159
	$ 290,499	$ 276,971

EQUITY

	2000	1999
Trust Funds (note 10)	$ 290,499	$ 276,971

Schedule D - Statement of Continuity of Trust funds

Year Ended March 31, 2000

	2000	1999
Balance, beginning of year	$ 276,971	$ 229,759
Receipts:		
Principal	22,114	58,832
Interest earned	11,931	4,733
	34,045	63,565
Disbursements:		
Bursaries and scholarships	(20,517)	(16,353)
Balance, end of year	$ 290,499	$ 276,971

AUDITORS' REPORT

We have audited the balance sheet of the College de l'Acadie as at March 31, 2000, the statement of operations and changes in net assets and the statement of changes in financial position for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2000 and the results of its operations and the changes its financial position for the year then ended in accordance with generally accepted accounting principles.

Saxton Comeau
Chartered Accountants

Yarmouth, Nova Scotia
June 12, 2000

COLLEGE DE L'ACADIE

Balance Sheet
March 31, 2000 and 1999

	2000	1999
ASSETS		
Current Assets:		
Cash	$ 368,660	$ 431,598
Short-term investments	---	1,226,907
Accounts receivable (note 3)	1,308,895	191,046
Bookstore inventory	23,404	10,834
	1,700,959	1,860,385
Long-term investments (fair market value $817,301)	831,896	---
Capital assets (note 4)	1,148,080	272,095
	1,979,976	272,095
	$ 3,680,935	$ 2,132,480
LIABILITIES		
Current liabilities:		
Accounts payable	$ 662,183	$ 381,235
Deferred revenues	376,864	63,108
Current portion of capital lease obligation	232,500	---
	1,271,547	444,343
Long term capital lease obligation (note 5)	491,664	---
NET ASSETS		
Invested in capital assets	423,916	272,095
Unrestricted, operating surplus (note 6)	640,432	590,910
Internally restricted surplus	853,376	825,132
	1,917,724	1,688,137
Commitments (note 6)		
	$ 3,680,935	$ 2,132,480

COLLEGE DE L'ACADIE

Statement of Operations and Changes in Net Assets
Year ended March 31, 2000 and 1999

	2000 Budget	2000 Actual	1999 Actual
Revenue:			
Government grants	$ 3,252,000	$ 3,826,000	$ 3,252,000
Tuition fees	120,000	190,101	217,158
Bookstore sales	227,173	85,395	83,771
Recoveries	---	31,282	73,766
Interest	42,000	68,503	62,576
Miscellaneous	---	48,115	—
Transfer from operating surplus	464,226	---	—
	4,105,399	4,249,396	3,689,271
Customized training	240,000	449,598	140,912
	4,345,399	4,698,994	3,830,183
Expenses:			
Wages and employee benefits	2,421,430	2,437,928	2,178,368
Severance	---	36,000	155,677
Telecommunications	379,164	382,022	383,883
Building and property management	307,409	265,152	247,079
Capital improvements	182,813	71,990	35,841
Technology equipment management	192,774	127,952	40,400
Public relations and marketing	117,911	135,496	46,217
Travel	143,919	141,839	132,158
Bookstore purchases	186,255	71,330	76,293
Training and teaching supplies	122,470	91,415	65,068
Honorariums and professional fees	107,703	67,284	68,760
Photocopies and office supplies	45,045	37,388	28,217
Amortization of capital assets	---	169,872	37,007
Bad debts	---	—	18,577
Freight and delivery	14,923	12,719	11,487
Student services	11,650	22,752	3,191
Program research and development	97,340	20,612	—
Subscriptions	13,293	7,860	8,201
Miscellaneous	1,300	1,436	80,559
	4,345,399	4,101,047	3,616,983
Customized training		368,360	78,020
		4,469,407	3,695,003
Excess of revenue over expenses		229,587	135,180
Net assets, beginning of year		1,688,137	1,552,957
Net assets, end of year		$ 1,917,724	$ 1,688,137

COLLEGE DE L'ACADIE

Statement of Changes in Financial Position
Year ended March 31, 2000 and 1999

	2000	1999
Net inflow of cash related to operating activities:		
Excess of revenue over expenses .... $	229,587 $	135,180
Amortization of capital assets	169,872	37,007
Increase (decrease) in non-cash working capital items (note 8).	(535,715)	809,733
	(136,256)	981,920
Net outflow of cash related to investing activities:		
Purchase of capital assets	(292,396)	(115,350)
Purchase of long-term investments.	(831,896)	---
	(1,124,292)	(115,350)
Net inflow of cash related to financing activities		
Decrease in capital lease obligation.	(29,297)	---
Increase (decrease) in cash	(1,289,845)	866,570
Cash, beginning of year	1,658,505	791,935
Cash, end of year. .... $	368,660 $	1,658,505

Cash is defined as cash plus short term investments.

COLLEGE DE L'ACADIE

Notes to Financial Statements
Year ended March 31, 2000 and 1999

1. **Overview:**

The College de l'Acadie is a post-secondary french educational institution, created under the authority of Law 55, Nova Scotia Community College and College de l'Acadie, on April 1, 1997. The College is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

2. **Significant accounting policies:**

a) Fund accounting and presentation of financial statements

The College accounts for its activity by funds. Each fund is segregated to ensure that internal or external restrictions are maintained. The college follows the deferral method of accounting for contributions. Funding for expenses of future periods are deferred and recognized as revenue in the year in which the related expense is incurred. The deferral method also differentiates restricted and non-restricted fund.

The operations of the College are managed by two main funds: the operating fund and special projects fund.

(i) Operating fund

The Operating fund receives revenue and incurs expenses required to administer the operations of the College. This fund includes operating and teaching costs, the general operating grant and other operating revenues. It includes accumulated surplus from administration and academic operations. The Operating fund also accounts for all activity in the satellite offices, which are located in Clare, Tusket, Dartmouth, Pomquet, Petit-de-Grat and St. Joseph du Moine.

(ii) Capital Fund

The Capital fund reports all of the Organization's capital assets (i.e. equipment and portable classrooms), liabilities, revenues and expenses including contributions and amortization.

(iii) Internally restricted funds

This fund includes monies received from the Province of Nova Scotia. The Board has restricted these funds. They are to be used to finance the construction of new facilities.

(iv) Customized training

The College received grant revenues and tuition fees pertaining to specific projects. Revenues from projects that are not complete as at March 31, 2000 are recorded in the amounts based on the estimation of completion of each project. Revenues and expenses for these specific projects are included in the operating fund.

b) Capital Assets

The College capitalizes equipment and computers with a cost in excess of $3,000 and a useful life in excess of one year. These assets are amortized using the straight line method. The College estimates the useful life of its capital assets to be the following:

Software	3 years
Computers	3 years
Equipment under capital lease obligation	3 years
Equipment	5 years
Portable classrooms	20 years
Landscaping	20 years

The Province has retained ownership of the land and buildings, which are not recorded in these financial statements. Improvements made to these buildings are expenses as incurred.

c) Pension Plan

The College's pension plan is administered by the Province. The College expenses the annual pension plan contributions as they are incurred.

d) Inventory

The bookstore inventory is valued at the lower of costs and net realizable value.

e) Investments

The long term investments are valued at cost.

3. Accounts receivable

	2000	1999
HST receivable	$ 109,269	$ 118,000
Provincial government	1,139,717	---
Bookstore and tuition fees	50,075	87,086
Accrued interest	2,233	1,596
Reimbursements	7,601	2,706
	1,308,895	209,388
Allowance for doubtful accounts	---	18,342
	$ 1,308,895	$ 191,046

4. Capital assets:

			2000	1999
	Cost	Accumulated amortization	Net book Value	Net book Value
Software	$ 78,993	$ 26,331	$ 52,662	$ —
Computers	167,561	117,438	50,123	23,346
Portable classrooms	202,451	26,176	176,275	186,667
Landscaping	136,158	10,076	126,082	62,082
Equipment	67,411	13,482	53,929	—
Equipment under capital lease obligation	753,460	64,451	689,009	—
	$ 1,406,034	$ 257,954	$ 1,148,080	$ 272,095

Equipment and computers with a cost in excess of $3,000 transferred from the Province on April 1, 1998 have been recorded at their net book value at that date and accounted for as grants from the provincial government.

5. Capital lease obligation:

The following is a schedule of future minimum lease payments under a capital lease expiring in 2003, together with the present balance of the obligation under a capital lease.

	Lease #1	Lease #2	Total
2001	$ 180,000	$ 108,800	$ 288,800
2002	180,000	108,800	288,800
2003	150,000	63,500	213,500
Total minimum payments required by lease agreement	510,000	281,100	791,100
Less interest amounts calculated at 7.95% and 12.50% respectively	(27,643)	(39,293)	(66,936)
Capital lease obligation	$ 482,357	$ 241,807	$ 724,164

6. Commitments:

The College has committed to the construction or the purchase of a new building in Dartmouth in the near future. The estimated costs of the construction are $2,500,000. These costs will be shared by Patrimoine Canada. The federal government is to provide funding of $920,000 and the balance of funds required will be sourced either from internally restricted funds, or external financing.

7. Contributed services:

The Province facilitates the College's operations by providing the use of four buildings. This benefit has not been reflected in the financial statements.

8. Changes in non-cash working capital:

	2000	1999
Decrease (increse) in accounts receivable	$ (1,117,849)	$ 549,980
Decrease (increase) in bookstore inventory	(12,570)	6,852
Increase in accounts payable	280,948	248,656
Increase in deferred revenues	313,756	4,245
	$ (535,715)	$ 809,733

9. Related party transactions

La Fondation du College de l'Acadie is a not-for-profit organization. The College did not transfer any monies to the fondation during this fiscal year (1999, nil).

10. Commitments and contingent liabilities

Certain grant programs require the college to incur a pre-determined level of specific expenditures. The expenditures in favor of these programs can be subject to revision or approval by the government. The amount of the possible adjustments regarding grants cannot be determined. If such adjustments were required, it would be recorded as a prior year adjustment in the financial statements.

AUDITORS' REPORT ON SUPPLEMENT INFORMATION

We have audited and recorded separately herein on the financial statements of the College de l'Acadie as at March 31, 2000 and for the year ended at that date.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the company taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Saxton Comeau
Chartered Accountants

Yarmouth, Nova Scotia
June 12, 2000

COLLEGE DE L'ACADIE

Schedules
Balance Sheet
March 31, 2000 and 1999

				2000	1999
	Operating Fund	Capital fund	Internally restricted fund	Total	Total
Assets					
Cash	$ 347,180	$ ---	$ 21,480	$ 368,660	$ 431,598
Short term investments	---	---	---	---	1,226,907
Accounts receivable	1,308,895	---	---	1,308,895	191,046
Bookstore inventory	23,404	---	---	23,404	10,834
Long-term investments	---	---	831,896	831,896	---
Capital assets	---	1,148,080	---	1,148,080	272,095
	$ 1,679,479	$ 1,148,080	$ 853,376	$ 3,680,935	$ 2,132,480
Liabilities					
Accounts payable	$ 662,183	$ ---	$ ---	$ 662,183	$ 381,235
Deferred revenues	376,864	---	---	376,864	63,108
Capital lease obligation	---	724,164	---	724,164	---
	1,039,047	724,164	---	1,763,211	444,343
Net Assets					
Internally restricted	---	—	853,376	853,376	825,132
Equity	640,432	423,916	—	1,064,348	863,005
	640,432	423,916	853,376	1,917,724	1,688,137
	$ 1,679,479	$ 1,148,080	$ 853,376	$ 3,680,935	$ 2,132,480

COLLEGE DE L'ACADIE

Schedules
Statement of Operations
Year ended March 31, 2000 and 1999

				2000	1999
	Operating fund	Capital fund	Internally restricted fund	Total	Total
Revenue:					
Government grants	$ 3,826,000	$ ---	$ ---	$ 3,826,000	$ 3,252,000
Tuition fees	190,101	---	---	190,101	217,158
Bookstore sales	85,395	---	---	85,395	83,771
Recoveries	31,282	---	---	31,282	73,766
Interest	40,259	---	28,244	68,503	62,576
Miscellaneous	48,115	---	---	48,115	---
Customized training	449,598	---	---	449,598	140,912
	4,670,750	---	28,244	4,698,994	3,830,183
Expenses:					
Wages and benefits	2,437,928	---	---	2,437,928	2,178,368
Severance	36,000	---	---	36,000	155,677
Telecommunications	382,022	---	---	382,022	383,883
Building and property management	265,152	---	---	265,152	247,079
Capital improvements	71,990	---	---	71,990	35,841
Technology equipment management	127,952	---	---	127,952	40,400
Public relations and marketing	135,496	---	---	135,496	46,217
Travel	141,839	---	---	141,839	132,158
Bookstore purchases	71,330	---	---	71,330	76,293
Training and teaching supplies	91,415	---	---	91,415	65,068
Honorariums and professional fees	67,284	---	---	67,284	68,760
Photocopies and office supplies	37,388	---	---	37,388	28,217
Amortization of capital assets	---	169,872	---	169,872	37,007
Bad debts	---	---	---	---	18,577
Freight and delivery	12,719	---	---	12,719	11,487
Student services	22,752	---	---	22,752	3,191
Program research and development	20,612	---	---	20,612	---
Subscriptions	7,860	---	---	7,860	8,201
Miscellaneous	1,436	---	---	1,436	80,559
Customized training	368,360	---	---	368,360	78,020
	4,299,535	169,872	---	4,469,407	3,695,003
Excess of revenue over expenses (expenses over revenue)	371,215	(169,872)	28,244	229,587	135,180
Net assets, beginning of year	590,910	272,095	825,132	1,688,137	1,552,957
	962,125	102,223	853,376	1,917,724	1,688,137
Interfund transfers	(321,693)	321,693		---	---
Net assets, end of year	$ 640,432	$ 423,916	$ 853,376	$ 1,917,724	$ 1,688,137

College de l'Acadie
Schedules
Statement of Operations , Customized Training
Years ended March 31, 2000 and 1999

	Pomquet	Tusket	Clare	Dartmouth	Petit de Grat	St. Joseph du Moine	2000 Total	1999 Total
Revenue:								
Tuition fees	$ 1,638	$ 5,820	$ 20,770	$ 74,652	$ 16,308	$ 19,343	$ 138,531	$ 122,562
Grants and other fees	15,717	40,000	61,128	-	182,000	-	298,845	18,350
Interest	-	-	-	-	12,223	-	12,223	-
	17,355	45,820	81,898	74,652	210,531	19,343	449,599	140,912
Expenses:								
Wages and employee benefits	144	14,868	23,712	29,263	25,531	10,204	103,722	58,187
Supplies and services	1,388	8,143	7,833	12,979	139,834	2,411	172,588	18,579
Equipment	15,717	15,360	25,922	-	35,051	-	92,050	1,254
	17,249	38,371	57,467	42,242	200,416	12,615	368,360	78,020
Excess of revenue over expenses	$ 106	$ 7,449	$ 24,431	$ 32,410	$ 10,115	$ 6,728	$ 81,239	$ 62,892

RAPPORT DES VÉRIFICATEURS

Au président et aux membres
Du Conseil scolaire acadien provincial

Nous avons vérifié les bilans du Conseil scolaire acadien provincial en date du 31 mars 2000 et les états des résultats et d'équité. Ces états financiers sont la responsabilité de l'administration du Conseil scolaire. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir un degré raisonnable de certitude quant à l'absence d'inexactitudes importantes dans les états financiers. La vérification comprend le contrôle par sondages des informations probantes à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de la société au 31 mars 2000 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour les exercices terminés à ces dates selon les principes comptables généralement reconnus pour les conseils scolaires de la Nouvelle-Écosse.

Saxton Comeau

Yarmouth, Nouvelle-Écose
le 21 juin, 2000

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan consolidé

Au 31 mars 2000 et 1999

	2000	1999
Actif		
Actif à court terme:		
Sommes à recevoir:		
Province de la Nouvelle-Écosse	1 869 776 $	1 834 932 $
Gouvernement du Canada	1 569 852	1 089 559
Autres	1 440 724	1 022 759
Frais payés d'avance	30 771	144 865
	4 911 123	4 092 115
Encaisse et sommes à recevoir restreintes	588 235	102 670
Immobilisations, au coût:		
Terrains, édifices et améliorations (note 2)	21 630 002	21 627 048
Équipement et fournitures	3 800 413	3 782 161
Autobus scolaires et autres véhicules	1 764 182	1 858 555
	27 194 597	27 267 764
	32 693 955 $	31 462 549 $
Passif		
Passif à court terme:		
Chèques émis dépassant les fonds en dépôt	2 893 146 $	2 509 208 $
Fournisseurs et sommes à payer	1 911 580	1 691 438
Revenus reportés	106 397	70 168
	4 911 123	4 270 814
Engagement au plan de retraite anticipée (note 4)	277 906	277 906
Équité		
Réserves	588 235	102 670
Déficit	-	(178 699)
Équité en immobilisations	27 194 597	27 267 764
Investissement vers plans de retraite anticipée (note 4)	(277 906)	(277 906)
	26 916 691	26 811 159
Éventualités (note 5)		
	32 693 955 $	31 462 549 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds d'opération

Au 31 mars 2000 et 1999

	2000	1999
Actif		
Actif à court terme:		
Sommes à recevoir:		
Province de la Nouvelle-Écosse	1 869 776 $	1 834 932 $
Gouvernement du Canada	1 569 852	1 089 559
Autres	1 440 724	1 022 759
Frais payés d'avance	30 771	144 865
	4 911 123 $	4 092 115 $
Passif		
Passif à court terme:		
Chèques émis dépassant les fonds en dépôt	2 306 329 $	2 407 843 $
Fournisseurs et sommes à payer:		
Fournisseurs et autres	1 911 580	1 691 438
Payable au fonds des réserves	586 817	101 365
Revenus reportés	106 397	70 168
	4 911 123	4 270 814
Engagement au plan de retraite anticipée (note 4)	277 906	277 906
Déficit		
Déficit	-	(178 699)
Investissement vers plan de retraite anticipée (note 4)	(277 906)	(277 906)
	(277 906)	(456 605)
Éventualités (note 5)		
	4 911 123 $	4 092 115 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

État des résultats - fonds d'opération

Exercice clos le 31 mars 2000 et 1999

	2000		1999
	Budget	Actuel	Actuel
Revenus:			
Province de la Nouvelle-Écosse	24 938 045 $	25 705 030 $	24 814 493 $
Gouvernement du Canada	1 136 123	1 140 470	405 577
Allocations des conseils scolaires	1 174 900	1 102 557	1 275 806
Opérations du conseil scolaire	130 000	43 679	141 000
Autres revenus	137 000	124 512	-
	27 516 068	28 116 248	26 636 876
Dépenses:			
Administration du conseil scolaire	1 945 412	1 982 049	1 962 196
Administration scolaire et instruction	18 566 774	18 315 577	17 266 228
Service de maintien	2 430 477	2 637 024	2 569 152
Transport d' élèves	2 222 980	2 278 722	1 985 962
Éducation spéciale	1 826 125	1 810 698	1 681 481
Auto-école	-	-	3 676
Programmes fédéraux	30 415	41 820	67 405
Capital d'exploitation	315 185	371 660	962 732
Autres	178 700	178 698	316 743
	27 516 068	27 616 248	26 815 575
Excédent des revenus sur les dépenses (dépenses sur les revenus) avant le transfert à la réserve	-	500 000	(178 699)
Transfert à la réserve pour opérations	-	(500 000)	-
Excédent des dépenses sur les revenus	- $	- $	(178 699) $

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du déficit
Exercice clos le 31 mars 2000 et 1999

	2000	1999
Déficit au début de l'exercice	178 699 $	316 743 $
Transfert des opérations courantes	178 699	316 743
	-	-
Excédent des dépenses sur les revenus	-	178,699
Déficit, à la fin de l'exercice	- $	178 699 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds de capital

Au 31 mars 2000 et 1999

	2000		1999	
Actif				
Immobilisations, au coût:				
Terrains, édifices et améliorations (note 2)	21 630 002	$	21 627 048	$
Équipement et fournitures	3 800 413		3 782 161	
Autobus scolaires et autres véhicules	1 764 182		1 858 555	
	27 194 597	$	27 267 764	$
Équité				
Équité en immobilisations	27 194 597	$	27 267 764	$
	27 194 597	$	27 267 764	$

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité de l'equité en immobilisations

Exercice clos le 31 mars 2000 et 1999

	2000		1999	
Équité, au début de l'exercice	27 267 764	$	26 669 398	$
Achats d'immobilisations:				
Terrains, édifices et améliorations	2 954		352 802	
Équipement et fournitures	18 252		211 328	
	21 206		564 130	
Autobus scolaires et autres véhicules	180 528		169 563	
Mise hors service d'immobilisations:				
Autobus scolaires	(274 901)		(135 327)	
Équité, à la fin de l'exercice	27 194 597	$	27 267 764	$

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds des réserves

Au 31 mars 2000 et 1999

	2000		1999	
Actif				
Encaisse et investissements	1 418	$	1 305	$
Créance sur le fonds d'opération	586 817		101 365	
	588 235	$	102 670	$
Équité				
Réserve pour opérations 2000 - 2001	500 000	$	-	$
Réserve pour allocations de retraite	86 817		86 817	
Réserve pour développement pédagogique	-		14 548	
Réserve pour fonds de bourse	1 418		1 305	
	588 235	$	102 670	$

Voir les notes explicatives qui accompagnent ces états financiers.

État de la continuité du fonds des réserves

Exercice clos le 31 mars 2000 et 1999

					2000	1999
	Réserve pour opérations 2000/2001	Réserve pour allocations de retraite	Réserve pour développement pédagogique	Réserve pour fonds de bourse	Total	Total
Équité, au début de l'exercice	- $	86 817$	14 548 $	1 305 $	102 670 $	102 510$
Transfert des (aux) opérations	500,000	-	(14 548)	-	485 452	43
Intérêts et versements	-	-	-	113	113	117
Équité, à la fin de l'exercice	500 000 $	86 817$	- $	1 418 $	588 235 $	102 670 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - revenus

Exercice clos le 31 mars 2000 et 1999

	2000		1999
	Budget	Actuel	Actuel
Province de la Nouvelle-Écosse:			
Formule générale	17 402 100 $	17 402 100 $	14 360 702 $
Transport	518 800	518 800	1 586 700
Gestion	103 300	103 300	-
Administration provincial	306 700	306 700	-
Programme	3 871 500	3 871 500	-
Maintien	477 100	477 100	-
Capital - maintien	106 000	106 000	-
Éducation spéciale	1 120 100	1 105 284	1 046 235
Manuels scolaires	169 400	169 400	169 362
Octroi d'équité	-	-	2 872 131
Capital - transport	197 400	197 400	197 400
Capital d'urgence	75 000	130 901	308 000
Projets spéciaux	63 880	51 561	71 254
Autres	526 765	1 264 984	4 202 709
	24 938 045 $	25 705 030 $	24 814 493 $
Gouvernement du Canada:			
Paiement formulaire	160 279 $	160 279 $	183 106 $
Projets spéciaux	159 700	128 896	125 500
Autres	816 144	851 295	96 971
	1 136 123 $	1 140 470	405 577 $
Allocations des conseils scolaires:			
Autres	1 174 900 $	1 102 557 $	1 275 806 $
	1 174 900 $	1 102 557 $	1 275 806 $
Opérations du conseil scolaire:			
Intérêts bancaires	35 000 $	6 655 $	38 391 $
Autres	95 000	35 546	102 609
Vente de biens	-	1 478	-
	130 000 $	43 679 $	141 000 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses

Exercice clos le 31 mars 2000 et 1999

	2000		1999
	Budget	Actuel	Actuel
Administration du conseil scolaire:			
Salaires	941 404 $	945 121 $	928 278 $
Honoraires, membres	121 800	119 400	121 800
Avantages sociaux	85 592	89 838	111 210
Fournitures et matériaux	107 582	87 317	92 262
Téléphone	59 838	47 821	78 234
Déplacements et conférences, personnel	101 508	139 440	148 350
Déplacements et conférences, membres	72 600	70 203	67 398
Primes d'assurances	29 422	29 422	27 117
Services professionnels	171 005	192 431	149 585
Services administratifs	123 591	122 890	155 798
Bureaux et loyer	106 070	116 845	60 153
Autres	25 000	21 321	22 011
	1 945 412 $	1 982 049 $	1 962 196 $
Administration scolaire et instruction:			
Salaires, administration	1 392 418 $	1 342 495 $	1 327 492 $
Salaires, instruction	11 912 648	11 880 322	11 878 834
Salaires, suppléance	425 000	509 311	410 001
Salaires, bibliothèque	104 996	92 514	99 686
Salaires, orientation	219 766	191 817	212 936
Salaires, personnel de bureau	439 573	376 569	415 230
Salaires, autres	671 032	588 237	555 768
Avantages sociaux	893 621	901 845	891 772
Allocations de retraite	-	6 404	14 296
Fournitures et matériaux	380 911	459 964	363 214
Manuels scolaires	254 480	238 840	211 182
Entraînement sur place	216 569	171 644	98 263
Déplacements, circuit et ressources	6 000	6 186	6 326
Déplacements et conférences, autres	124 590	108 208	133 973
Téléphone et services d'informatique	488 261	427 357	408 881
Transfert à la réserve	-	-	43
Transfert pour services - SRSB	940 369	940 369	-
Autres	96 540	73 495	238 331
	18 566 774 $	18 315 577 $	17 266 228 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses, page 2

Exercice clos les 31 mars 2000 et 1999

	2000		1999
	Budget	Actuel	Actuel
Service de maintien:			
Salaires, maintien	116 125 $	114 281 $	120 511 $
Salaires, concierges	721 501	746 019	799 792
Avantages sociaux	95 766	104 701	112 616
Fournitures et matériaux, maintien	61 949	59 790	106 448
Fournitures et matériaux, concierges	92 190	104 756	129 843
Fournitures et matériaux, autres	3 000	2 984	4 797
Loyer	217 400	234 880	37 367
Déplacements et conférences	10 000	9 521	12,567
Primes d'assurances	55 000	48 437	50,742
Services publics, électricité	515 040	465 929	504 964
Services publics, chauffage	200,000	250 748	173 376
Services publics, eau/système d'égoûts	28 000	30 949	41 291
Services publics, téléphone	9 672	3 841	9 792
Dépenses d'exploitation, véhicules	7 000	6 751	7 096
Services à contrat, maintien	256 839	367 186	385 785
Services à contrat, concierges	35 995	80 637	71 606
Autres dépenses	5 000	5 614	559
	2 430 477 $	2 637 024 $	2 569 152 $

	2000		1999
	Budget	Actuel	Actuel
Transport des élèves:			
Salaires	708 708 $	718 459 $	838 919 $
Avantages sociaux	125 425	115 595	114 383
Véhicules, essence/huile	85 000	90 573	80 821
Véhicules, réparations	81 000	82 697	90 106
Véhicules, frais de permis	15 000	14 715	14 678
Véhicules, primes d'assurances	15 000	10 553	10 290
Véhicules, pneus	15 000	17 602	18 926
Fournitures et matériaux	10 000	6 403	15 653
Téléphone	9 592	9 209	9 937
Maintien/services publics, garages	12 442	13 606	13 250
Entretien, arrêts d'autobus	1 000	2 572	7 450
Déplacements et conférences, personnel	813	589	878
Transport par contrat	1 140 000	1 193 209	752 076
Entraînement sur place	4 000	2 699	1 378
Autres	-	241	17 217
	2 222 980 $	2 278 722 $	1 985 962

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses, page 3

Exercice clos le 31 mars 2000 et 1999

	2000		1999
	Budget	Actuel	Actuel
Éducation spéciale:			
Salaires, administration	106 693 $	107 239 $	57 764 $
Salaires, instruction	836 739	872 623	865 433
Salaires, autres	628 789	640 979	566 997
Avantages sociaux	128 004	99 919	96 595
Fournitures et matériaux	36 900	24 348	24 937
Déplacements et conférences	89 000	63 845	66 579
Autres	-	1 745	3 176
	1 826 125 $	1 810 698 $	1 681 481 $
Auto-école:			
Salaires	- $	- $	3 449 $
Avantages sociaux	-	-	227
	- $	- $	3 676 $
Programmes fédéraux:			
Autres	30 415 $	41 820 $	67 405 $
	30 415 $	41 820 $	67 405 $
Capital d'exploitation:			
Réparations mineures	103 693 $	125 977 $	228 227 $
Capital d'urgence	-	21 206	492 715
Meubles et équipement	14 092	43 949	63 219
Transport, autobus	197 400	180 528	178 571
	315 185 $	371 660 $	962 732 $
Autres:			
Transfert du déficit	178 700 $	178 698 $	316 743 $
	178 700 $	178 698 $	316 743 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Notes relatives aux états financiers

Exercice clos le 31 mars 2000 et 1999

1. **Conventions comptables:**

Ces états financiers ont été préparés sous tous aspects selon les conventions comptables prescrites dans le Nova Scotia District School Board Financial Handbook.

a) Présentation des états financiers

Les états financiers du Conseil scolaire sont rédigés d'après la méthode comptable par fonds.

b) Entrée des dépenses

À l'exception des salaires du personnel enseignant, les dépenses sont inscrites d'après la comptabilité d'exercice. Les bons de commande en circulation à la date de l'entrée au bilan sont inscrits d'après la comptabilité d'exercice comme sommes à payer.

c) Équipement et autobus scolaires

Les propriétés et l'équipement sont inscrits au prix coûtant. L'actif qu'ont reçu les divers conseils scolaires en date du 1 janvier 1982, en vertu de l'entente créant les districts scolaires de la Nouvelle-Écosse, et en date du 9 janvier 1996, selon l'entente créant les conseils scolaires, est traité comme un ajout aux investissements en biens immobiliers. Le Conseil scolaire n'inscrit pas de dépréciation sur ses biens immobiliers.

d) Allocations de retraite

En vertu des ententes locales avec ses syndicats et ses employés non-syndiqués le conseil scolaire doit payer une allocation de retraite selon une formule determinée au préalable. Les allocations de retraite sont inscrites aux dépenses à mesure qu'elles sont payées. La responsabilité accumulée non consolidée de tous les conseils, comme le veut le Nova Scotia District School Board Financial Handbook, est présentement en voie d'identification grâce à l'étude au niveau provincial parrainé par le Ministère des finances de la Nouvelle-Écosse. En date du 28 juin 1999, aucune évaluation actuarielle n'a été faite de façon à identifier la responsabilité non consolidée des allocations de retraite.

2. **Terrains, édifices et améliorations:**

D'après l'entente du 1 janvier 1982, tous les terrains et tous les édifices scolaires dont disposaient les municipalités le 31 décembre 1981 demeurent la propriété des municipalités concernées, mais sont administrés par les conseils scolaires tant et aussi longtemps qu'ils les utiliseront à leurs fins. Ensuite, leur contrôle passera de nouveau à la municipalité concernée.

En vertu des améliorations faites aux édifices scolaires, les conseils scolaires se sont portés acquéreurs de biens immobiliers auxquels ils n'ont aucun droit. D'après la Loi scolaire, dès qu'une municipalité vend un édifice qui lui est remis par le district scolaire, en vertu des circonstances énoncées ci-avant, une portion du produit des ventes est due au conseil scolaire. Dans le cas de recouvrement de sommes provenant des assurances, suite à la perte d'un édifice, une portion de cet argent proportionnelle aux améliorations serait également payable au conseil scolaire.

2. **Terrains, édifices et améliorations (suite):**

En vertu de l'entente créant les conseils scolaires en date du 9 janvier 1996, l'actif en biens immobiliers des anciens districts scolaires, ou du conseil d'école, est transféré aux conseils scolaires et respecte l'entente de 1982.

Les conseils, avec le ministère d'éducation de la Nouvelle-Écosse devront s'entendre sur la division des valeurs d'équité en immobilisations.

3. **Plan de pension:**

Les enseignants participent à un plan de pension établi par la Province de la Nouvelle-Écosse en vertu de la Teachers' Pension Act. Les employés non syndiqués participent à un plan de pension établi et géré par la Nova Scotia School Board Association.

4. **Engagement au plan de retraite anticipée:**

Le 22 juillet 1994, la Province de la Nouvelle-Ecosse dévoile le Nova Scotia Teachers' Early Retirement (1994-98) Program. Ce programme permet aux enseignants rencontrant les critères d'admissibilité de se retirer à une date antérieure.

Le Ministère d'éducation de la Nouvelle-Écosse s'engage pour l'année fiscale 2000 - 2001 à faire les paiements, requis des conseils scolaires, directement au Teachers Pension Board.

5. **Éventualités:**

Des transferts de rapprochement et remboursements de dépenses, suite au fusionnement des conseils scolaires, demeurent sujet à des négociations finales. Si des régularisations étaient requises, on en rendrait compte dans les états financiers comme une régularisation d'un exercice financier antérieur et le Ministère d'éducation de la Nouvelle-Écosse s'engage à rembourser en date du 31 mars 2000.

Des cas juridiques peuvent toujours exiger des réclamations du conseil. Aucun montant n'est prévu dans ces états financiers pour de telles réclamations.

6. **Chiffres comparatifs:**

Certains chiffres dans la colonne comparative ont été reclassifiés afin d'accommoder la présentation pour l'année courante.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Eastern Regional Health Board

We have audited the statement of financial position of Eastern Regional Health Board as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP
Chartered Accountants

Sydney, Canada
May 28, 2000

EASTERN REGIONAL HEALTH BOARD

Statement of Financial Position
March 31, 2000, with comparative figures for 1999

ASSETS

	Operating	Capital	Restricted	2000 Total	1999 Total (restated note 2)
Current assets:					
Cash	$ 4,485,849	$ ---	$ 184,672	$ 4,670,521	$ 327,834
Marketable securities (market value at March 31, 2000 $439,068)	---	---	439,068	439,068	---
Accounts receivable (note 3)	6,245,532	---	---	6,245,532	9,528,543
Due from (to) other funds	(343,526)	343,526	---	---	---
Inventories (note 4)	723,640	---	---	723,640	665,906
Prepaid expenses	178,552	---	---	178,552	754,383
	11,290,047	343,526	623,740	12,257,313	11,276,666
Capital assets (note 5)	---	52,114,878	---	52,114,878	49,142,234
	$ 11,290,047	$ 52,458,404	$ 623,740	$ 64,372,191	$ 60,418,900

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS (DEFICIENCY)

	Operating	Capital	Restricted	2000 Total	1999 Total (restated note 2)
Current liabilities:					
Cheques issued in excess of funds on deposit	$ ---	$ ---	$ ---	$ ---	$ 127,471
Accounts payable and accrued liabilities (note 6)	9,185,437	---	---	9,185,437	8,963,693
Deferred revenue	2,104,610	---	---	2,104,610	2,000,830
	11,290,047	---	---	11,290,047	11,091,994
Deferred contributions for capital assets (note 7))	---	51,664,029	---	51,664,029	48,347,859
Other deferred contribution (note 13)	---	---	439,068	439,068	---
Other liabilities:					
Retirement allowance (note 8)	4,368,408	---	---	4,368,408	4,368,408
Net assets (deficiency):					
Unrestricted	(4,368,408)	---	---	(4,368,408)	(4,368,408)
Invested in capital assets	---	794,375	---	794,375	794,375
Internally restricted	---	---	184,672	184,672	184,672
	(4,368,408)	794,375	184,672	(3,389,361)	(3,389,361)
	$ 11,290,047	$ 52,458,404	$ 623,740	$ 64,372,191	$ 60,418,900

See accompanying notes to financial statements.

EASTERN REGIONAL HEALTH BOARD

Statement of Operations
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999 (restated note 2)
Revenue:		
Net patient income (schedule A)	$ 53,263,868	$ 49,115,499
Dietary recoveries	615,068	526,946
Housing recoveries	27,370	21,760
Recoveries - maintenance -services	35,404	28,974
Rentals	178,214	103,320
Donations	---	1,800
Miscellaneous	210,852	84,295
Investment income	41,697	127,212
Grants	---	11,869
Laundry recoveries	185,482	145,583
Level III recoveries	824,443	782,561
	55,382,398	50,949,819
Expenditure:		
Nursing services	19,740,038	18,182,956
Support services	10,329,441	9,150,594
Diagnostic and therapeutic	8,036,273	7,219,802
Administration services	4,597,173	4,856,257
Medical services	612,203	611,466
Non-portable programs	10,692,843	10,116,523
Level III emergency services	824,443	782,561
Capital debt assistance	36,326	35,355
Vacation pay	513,658	(5,695)
	55,382,398	50,949,819
Excess of expenditure over revenue before below-noted items	---	---
Restricted investment revenue	---	8,779
Amortization of capital grants (note 7)	3,283,844	3,176,471
Amortization of capital assets	(3,283,844)	(3,176,471)
Retirement allowance	---	(801,308)
Excess of expenditure over revenue	$ ---	$ (792,529)

Statement of Changes in Net Assets
Year ended March 31, 2000, with comparative figures for 1999

	Unrestricted	Investment in capital assets	Internally Restricted	2000 Total	1999 Total (restated note 2)
Balance, beginning of year	$ (4,368,408)	$ 794,375	$ 184,672	$ (3,389,361)	$ (2,596,832)
Excess of expenditure over revenue	---	---	---	---	(792,529)
Balance, end of year	$ (4,368,408)	$ 794,375	$ 184,672	$ (3,389,361)	$ (3,389,361)

See accompanying notes to financial statements.

EASTERN REGIONAL HEALTH BOARD

Statement of Cash Flows
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999 (restated note 2)
Cash provided by (used for):		
Operations:		
Excess of expenditure over revenue	$ ---	$ (792,529)
Items not involving cash:		
Amortization of capital assets	3,283,844	3,176,471
Amortization of deferred contributions related to capital assets	(3,283,844)	(3,176,471)
Increase in retirement allowance positiion	---	801,308
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	3,283,011	(5,533,017)
Increase (decrease) in inventories	(57,734)	50,986
Decrease (increase) in prepaid expenses	575,831	(199,285)
Increase in accounts payable and accrued liabilities	221,744	1,486,828
Increase in deferred revenues	103,780	133,650
	4,126,632	(4,052,059)
Financing and investing activities:		
Changes in net assets (note 2)	---	5,775,789
Reduction of long-term debt	---	(550,446)
Increase in long-term debt	---	138,809
Additions to capital assets	(6,256,488)	(8,711,648)
Additions to deferred contributions for capital assets	6,600,014	8,630,265
Additions to other deferred contributions	439,068	---
	782,594	5,282,769
Increase in cash position	4,909,226	1,230,710
Cash position , beginning of year	200,363	(1,030,347)
Cash position , end of year	$ 5,109,589	$ 200,363
Represented by:		
Cash in bank	$ 4,670,521	$ ---
Marketable securities	439,068	327,834
Cheques issued in excess of funds on deposit	---	(127,471)
	$ 5,109,589	$ 200,363

See accompanying notes to financial statements.

EASTERN REGIONAL HEALTH BOARD

Notes to Financial Statements
Year ended March 31, 2000

On June 30, 1994 an Act to Establish Regional Health Boards was assented to by the Lieutenant Governor. Pursuant to Section 11 of Chapter 12 of the Act of 1994, a body corporate was constituted in the regulations. The Board commenced operations in December, 1994. On November 1, 1996 the following hospitals were designated under the Eastern Regional Health Board; Strait Richmond Hospital, Eastern Memorial Hospital, Buchanan Memorial Hospital, Guysborough Memorial Hospital, Inverness Consolidated Memorial Hospital, St. Martha's Regional Hospital, St. Mary's Memorial Hospital and Victoria County Memorial Hospital. On January 1, 1997 Sacred Heart Hospital was designated under the Regional Health Board. On April 1, 1997 Addiction Services and Public Health were designated under the Regional Health Board.

The Board's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scotia.

1. Significant accounting policies:

(a) **Revenue recognition:**
The Board follows the deferral method of accounting for contributions which include donations and government grants.

The Board is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health (Department). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted) is recognized as revenue when earned.

(b) **Inventories:**
Inventories are valued at cost.

(c) **Marketable securities:**
Marketable securities are valued at market value.

(d) **Capital assets:**
Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Building and land improvements	2.5%, 4%
Major equipment	5%, 6.67%, 10%, 20%

2. Prior period adjustment:

The Department has requested that the Board restate its 1999 financial statements (with related opening numbers) to give effect to revised funding information announced by the Department subsequent to release of the financial statements for the effected periods. Under the new funding arrangement the Department substantially funded all operating deficits to March 31, 1999 (excluding those related to provisions for retiring allowances) and the remaining balance of obligations with respect to capital asset additions to March 31, 1999.

The transaction resulting in additional funding of $10,384,924 which is reflected in the restated statements as follows:

Included in note 2(a) as funding related to prior periods	$ 5,775,789
Included in the statement of operations as funding related to March 31, 1999	3,826,093
Included as additions to deferred contributions:	
By way of loans assumed by the Department	510,453
By way of additional contributions	272,589
	$ 10,384,924

The Hospital received this funding in the following format:

By way of the Department assuming loans payable to the Department:	
Loans related to capital assets which were converted to deferred contributions	$ 510,453
Loans for operating purposes	4,289,225
	4,799,678
By way of contra to amounts receivable from the Department:	
Year end adjustments receivable	(958,637)
By way of additional contribution receivable	6,543,883
	$ 10,384,924

a) Net assets March 31, 1998 to March 31, 1999:

	Unrestricted	Invested in capital assets	Internally Restricted	Total
Balance, March 31, 1998 as previously reported	$ (8,931,252)	$ 796,320	$ 175,893	$ (7,959,039)
Operating grants	5,364,152	---	---	5,364,152
Amortization of deferred contribution related to capital assets	---	411,637	---	411,637
Change in net assets	5,364,152	411,637	---	5,775,789
Reclassification of deferred contributions	---	(413,582)	---	(413,582)
Balance, March 31, 1998 as restated	(3,567,100)	794,375	175,893	(2,596,832)
Excess of revenue over expenditures as restated	(801,308)	---	8,779	(792,529)
Balance March 31, 1999	$ (4,368,408)	$ 794,375	$ 184,672	$ (3,389,361)

In addition to the change in net assets the following financial statement amounts have been restated for March 31, 1999 and reflect the additional operating and capital grants:

	Original	Restated
Accounts receivable	$ 4,401,711	$ 9,528,543
Accounts payable and accrued liabilities	13,711,716	8,963,693
Long-term debt	478,654	---
Net patient income (Schedule A)	45,615,078	49,115,499
Deferred contribution for capital assets	47,150,851	48,347,859
Amortization of capital grants	2,850,691	3,176,471

3. Accounts receivable:

	2000	1999 (restated)
Patient services	$ 1,058,160	$ 684,945
Department of Health:		
Final settlement	655,156	4,788,495
New facility construction	899,836	708,563
Vacation liability	1,866,458	1,866,458
Addiction services	58,847	---
CAP/LAS recoveries	---	8,579
Hospital Foundations (note 11)	1,052,612	704,062
Veterans	26,311	26,310
Level II Care	---	24,604
Harmonized Sales Tax	386,377	569,795
Sundry	241,775	146,732
	$ 6,245,532	$ 9,528,543

4. Inventories:

	2000	1999 (restated)
Medical and surgical	$ 187,628	$ 168,089
Drugs	341,032	324,708
Intravenous	9,393	9,863
Maintenance	22,962	3,977
Food	10,500	10,500
General	152,125	148,769
	$ 723,640	$ 665,906

5. Capital assets:

			2000	1999
	Cost	Accumulated amortization	Net Book value	Net Book value (restated)
Land	$ 794,375	$ ---	$ 794,375	$ 794,375
Building and land improvements	55,633,052	19,497,150	36,135,902	37,221,924
Equipment	22,461,231	17,793,904	4,667,327	10,913,847
Work in progress	10,517,274	---	10,517,274	212,088
	$ 89,405,932	$ 37,291,054	$ 52,114,878	$ 49,142,234

6. Accounts payable and accrued liabilities:

	2000	1999 (restated)
Accounts payable and accrued liabilities	$ 4,532,089	$ 4,582,210
Accrued payroll:		
Salaries	1,164,533	1,510,893
Vacation pay	2,380,116	1,866,458
Retroactive salary adjustment	83,405	299,520
Department of Health new hospital construction (note 10)	938,749	577,012
Due to hospital foundations (note 11)	7,830	16,914
Equipment payable	78,715	110,686
	$ 9,185,437	$ 8,963,693

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	2000	1999 (restated)
Balance, beginning of year	$ 48,347,859	$ 42,812,682
Additional contributions received	6,600,014	8,711,648
Amounts amortized to revenue	(3,283,844)	(3,176,471)
Balance, end of year	$ 51,664,029	$ 48,347,859

The balance of unamortized capital contributions related to capital assets consists of the following:

	2000	1999
Unamortized capital contributions used to purchase assets	$ 51,320,503	$ 48,347,859
Unspent contributions	343,526	---
	$ 51,664,029	$ 48,347,859

8. Retirement allowance liability:

Provision is made for the liability to employees for retirement allowances. Although calculations of the potential liability of $4,368,408 as at March 31, 1999 have been made, the actual ultimate liability is may be less than the amounts accrued. Individuals only become entitled to the retirement allowance upon reaching retirement age and having a minimum required years of service. Prior to this date the Board has no legal obligation to pay the employee a retiring allowance.

In February 2000 the Department of Health indicated it would be providing an actuarial calculation of the liability to be set up as at December 31, 2000. The Board anticipates the liability will be reduced but does not have adequate information to adjust the liability as at March 31, 2000.

9. Invested in capital assets:

a) Investment in capital assets is calculated as follows:

	2000	1999 (restated)
Capital assets	$ 52,114,878	$ 49,142,234
Amounts financed by:		
Deferred contributions	51,320,503	48,347,859
	$ 794,375	$ 794,375

b) Changes in net assets invested in capital assets is calculated as follows:

	2000	1999 (restated)
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 3,283,844	$ 3,176,471
Amortization of capital assets	(3,283,844)	(3,176,471)
	$ ---	$ ---
Net change in investment in capital assets:		
Capital assets acquired	$ 6,256,488	$ 8,711,648
Amounts funded by:		
Deferred contributions	(6,256,488)	8,711,648
	$ ---	$ ---

10. Accounts with the Department of Health:

The Regional Health Board has the following accounts with the Department of Health:

	2000	1999
Accounts receivable:		
Final settlement	$ 655,156	$ 4,788,495
New facility construction	899,836	708,563
Vacation liability	1,866,456	1,866,458
Addiction services	58,847	---

Collectibility of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

	2000	1999
Payable re Hospital construction	$ 938,749	$ 577,012

11. Related parties:

The Hospital is related to the St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation, St. Mary's Memorial Hospital Society, Buchanan Memorial Hospital Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purposes are to raise funds to assist in the construction of and the supply of certain equipment for the Hospitals.

The following amounts were due from or to the Foundations as at March 31:

	2000	1999
Due from Hospital Foundations:		
Sacred Heart Hospital Foundation	$ 97,807	$ 110,994
Buchanan Memorial Hospital Foundation	938,749	577,012
Guysborough Memorial Hospital Foundation	1,130	1,130
St. Mary's Memorial Hospital Society	14,926	14,926
	$ 1,052,612	$ 704,062
Due to Hospital Foundation:		
Strait Richmond Hospital Charitable Foundation	$ 7,830	$ 16,914

During the year the following amounts were received from the Foundations to purchase equipment:

	2000	1999
Sacred Heart Hospital Foundation	$ ---	$ 795,094
Buchanan Memorial Hospital Foundation	---	177,395
Strait Richmond Hospital Charitable Foundation	43,841	39,095
St. Martha's Regional Hospital Foundation	302,261	79,748
Inverness Consolidated Memorial Hospital Foundation	50,715	23,312
Inverness Consolidated Memorial Hospital Auxiliary	11,224	60,531
Guysborough Memorial Hospital Foundation	43,145	11,661
St. Mary's Memorial Hospital Society	---	10,862
Victoria County Memorial Hospital Foundation	2,976	21,936
Victoria County Memorial Hospital Auxiliary	600	2,314
Strait Richmond Hospital Auxiliary	2,398	---
Guysborough Memorial Hospital Auxiliary	15,058	---
St. Mary's Memorial Hospital Foundation	15,979	---
Inverness Consolidated Memorial Hospital Hospice Society	577	---
Sacred heart Hospital Auxiliary	6,455	---
Victoria County Memorial Hospital Hospice Society	17,059	---
Buchanan Memorial Hospital Auxiliary	497	---
	$ 512,785	$ 1,221,948

12. Comparative figures:

Certain of the 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

13. Other deferred contribution:

A bequest to St. Martha's Regional Hospital in the form of marketable securities was received in the amount of $439,068. The bequest was made to St. Martha's Regional Hospital (a predecessor organization), however, the legal ownership of the securities is being disputed by another entity. The other entity may also have received a distribution from the estate which may be intended for the Eastern Regional Health Board. The Board's solicitor is currently persuing these matters.

EASTERN REGIONAL HEALTH BOARD

Schedule - Net Patient Income
Year ended March 31, 2000, with comparative figures for 1999

	Inpatient	Outpatient	2000 Total	1999 Total (restated note 2)
Department of Health:				
Provincial plan	$ 49,748,026	$ ---	$ 49,748,026	$ 46,523,042
Provincial plan- adjustments:				
HCF grant recoveries	111,000	---	111,000	---
Final settlement	655,156	---	655,156	---
CAP/LAS programs	7,221	---	7,221	66,211
	50,521,403	---	50,521,403	46,589,253
Patient income:				
Level II Care	591,910	---	591,910	426,060
Federal government	21,600	6,870	28,470	81,960
Worker's compensation	16,431	93,750	110,181	111,510
Non-residents	119,805	460,439	580,244	536,972
Uninsured	2,800	29,800	32,600	42,117
MSI	640,472	---	640,472	598,853
Differential charges	422,599	---	422,599	413,054
Veterans Affairs - long stay DVA	335,989	---	335,989	315,720
	2,151,606	590,859	2,742,465	2,526,246
Net patient income	$ 52,673,009	$ 590,859	$ 53,263,868	$ 49,115,499

AUDITOR'S REPORT

To the Chair and Members of the Nova Scotia
Round Table on Environment and Economy

I have audited the balance sheet of the Environmental Trust Fund as at March 31, 2000 and the statement of income and fund equity for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. SALMON, F.C.A.
Auditor General

Halifax, Nova Scotia
June 9, 2000

ENVIRONMENTAL TRUST FUND

Balance Sheet
as at March 31, 2000

ASSETS

		2000		1999
Cash	$	795	$	534
Investments (Schedule 1)		4,954		4,949
Interest receivable		11		42
	$	5,760	$	5,525

FUND EQUITY

		2000		1999
Fund equity	$	5,760	$	5,525

Statement of Income and Fund Equity
for the year ended March 31, 2000

		2000		1999
Revenues				
Interest	$	257	$	261
Expenses				
Bank charges		22		---
Net Income		235		261
Fund equity, beginning of year		5,525		5,264
Fund equity, end of year	$	5,760	$	5,525

ENVIRONMENTAL TRUST FUND

Notes to Financial Statements
March 31, 2000

1. Authority

Effective January 1, 1995 the authority for Environmental Trust Fund operations is the Environment Act. The purpose of the Trust is to fund programs for environmental research and management and conservation of the environment.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. Administrative expenses incurred on behalf of the Fund are included in the expenditures of the Nova Scotia Department of the Environment and are not reflected in the financial statements.

Schedule 1

ENVIRONMENTAL TRUST FUND

Schedule of Investments
March 31, 2000

Investment	Interest Rate	Maturity Date		Cost
Bank of Nova Scotia, Banker's Acceptance	5.26%	May 18, 2000	$	4,954

The investments of the Environmental Trust Fund are recorded at cost, which approximates their market value.

AUDITOR'S REPORT

To the Minister of Fisheries and Aquaculture; and
To the Chair and Members of the
Nova Scotia Fisheries and Aquaculture Loan Board

I have audited the balance sheet of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2000 and the statements of revenues, expenditures and accumulated surplus, and continuity of fund for the year then ended. These financial statements are the responsibility of the Loan Board's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting policies.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 5, 2000

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Balance Sheet
as at March 31, 2000

ASSETS

		2000		1999 (Restated Note 2)
Loans receivable (Note 3) (Schedule 1)	$	42,081,495	$	36,916,711
Accrued interest receivable		1,230,149		1,406,652
Due from Consolidated Fund - Department of Finance (Note 4)		95,587,716		100,846,572
	$	138,899,360	$	139,169,935

LIABILITIES AND FUND BALANCE

Liabilities				
Applicants' funds on deposit	$	41,840	$	91,088
Due to Department of Finance		1,230,149		1,406,652
Fisheries and Aquaculture Development Fund		137,627,371		137,672,195
	$	138,899,360	$	139,169,935

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Statement of Revenues, Expenditures and Accumulated Surplus for the year ended March 31, 2000

		2000		1999
Revenues				
Interest income	$	3,157,329	$	2,944,245
Loan fees		97,799		72,604
		3,255,128		3,016,849
Expenditures				
Interest expense (Note 5)		2,385,595		2,395,439
Salaries and benefits		467,943		423,730
Board honoraria		6,192		7,550
Travel		42,229		49,614
Office supplies		23,284		36,700
Bad debts		44,824		17,449
		2,970,067		2,930,482
Surplus before Government contribution		285,061		86,367
Contribution by Department of Fisheries and Aquaculture (Note 6)		584,472		535,043
Surplus		869,533		621,410
Distribution to Department of Finance (Note 6)		869,533		621,410
Accumulated Surplus	$	---	$	---

Statement of Continuity of Fund for the year ended March 31, 2000

		2000		1999
Balance, beginning of year	$	137,672,195	$	137,934,894
Deduct: Increase in allowance for doubtful accounts		(44,824)		(9,427)
Accounts written off		---		(253,272)
Balance, end of year	$	137,627,371	$	137,672,195
Comprising:				
Loans receivable	$	42,081,495	$	36,916,711
Loans authorized but unadvanced		2,862,206		2,859,992
Aquaculture loan guarantees		3,772,000		3,529,000
Uncommitted Fund balance		88,911,670		94,366,492
	$	137,627,371	$	137,672,195

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Notes to Financial Statements
March 31, 2000

1. Authority

The Fisheries and Aquaculture Development Fund is established pursuant to Section 34 of the Fisheries and Coastal Resources Act. The purpose of the Fund is to finance the loans and guarantees of the Nova Scotia Fisheries and Aquaculture Loan Board.

The object and purpose of the Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. Previous financial statements did not include interest and fee revenues, administration expenses, interest costs attributed to advances from the Department of Finance, as well as accrued interest receivable. These amounts were recorded in the accounts of other government departments which assumed the cost or received the revenue on behalf of the Board. As a result of this change in accounting policy, these statements now include a statement of revenues, expenditures and accumulated surplus. Further, prior year's comparative figures on the balance sheet have been restated to adjust for the effect of the change in accounting policy.

3. Deferment Programs

On December 21, 1993 government approved an assistance program for borrowers affected by quota cuts and ground fish fishery closure, in cases where economic hardship resulted. Borrowers can apply to have the principal portion of their loan payment deferred until the program ends on March 31, 2001. As of March 31, 2000 loans receivable under the program total $2,357,800 (1999 - $2,451,621)

On April 15, 1997 government approved an assistance program for borrowers suffering economic hardship as a result of reduced income. The Board may extend, defer or adjust the repayment or terms of any loan or loan guarantee. As of March 31, 2000 loans receivable under the program total $1,165,981 (1999 - $2,246,693).

4. Due from Consolidated Fund - Department of Finance

	2000	1999
Loans authorized but unadvanced	$ 2,862,206	$ 2,859,992
Aquaculture loan guarantees	3,772,000	3,529,000
Applicants' funds on deposit	41,840	91,088
Uncommitted Fund balance	88,911,670	94,366,492
	$ 95,587,716	$ 100,846,572

Guarantees - On August 30, 1995 the government's Priorities and Planning Committee approved the Nova Scotia Acquaculture Development Strategy. On April 1, 1996 the aquaculture loan and guarantee program was transferred from the Nova Scotia Economic Renewal Agency to the Board, along with $1,000,000 of existing loan guarantees. The strategy provides approval for capital advances and guarantees of $2.0 million per year, until March 31, 2001.

5. Interest Expense

Loans provided by the Board are funded through advances by the Department of Finance. Advances reduce the amount due from consolidated fund on the balance sheet. Interest expense is calculated based on an estimate by the Department of Finance of the rate at which it could borrow funds over the next quarter.

6. Contributions and Surplus

Expenses of the Board other than interest expense are paid by the Department of Fisheries and Aquaculture on behalf of the Board. The operating surplus or deficit of the Board is retained in the Consolidated Fund of the Province.

7. Public Service Superannuation Fund

All full-time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Continuity of Loans Receivable
for the year ended March 31, 2000

SCHEDULE 1

			2000		1999
Loans Receivable					
Balance, beginning of year		$	37,885,876	$	37,384,291
Add:	Advances during the year		14,087,803		10,021,924
			51,973,679		47,406,215
Deduct:	Repayments during the year		8,878,195		9,267,067
	Accounts written off		---		253,272
			8,878,195		9,520,339
Balance, end of year			43,095,484		37,885,876
Allowance for Doubtful Accounts			1,013,989		969,165
Loans receivable - net of allowance for doubtful accounts		$	42,081,495	$	36,916,711

AUDITORS' REPORT

To the Chairman and Commissioners of the
Halifax-Dartmouth Bridge Commission:

We have audited the balance sheets of Halifax-Dartmouth Bridge Commission as at December 31, 1999 and 1998 and the statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

LEVY CASEY CARTER MACLEAN
Chartered Accountants

Halifax, Nova Scotia
February 4, 2000

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Balance Sheet
December 31, 1999

	1999	1998
ASSETS		
Current		
Cash	$ 397,800	$ 1,916,846
Receivables		
Trade	289,412	4,950
Accrued interest	5,824	8,046
Recoverable HST (note 2)	638,533	1,489,941
Transponder inventory (note 1(c))	158,858	479,008
Prepaid expenses	143,923	129,051
	1,634,350	4,027,842
Deferred financing costs and discounts, net of accumulated amortization of $1,754,639 (1998 - $912,412) (note 1 (e))	6,667,627	7,509,853
Capital assets (note 3)	80,536,689	72,469,009
Restricted assets (note 4)		
Investment - OMA Fund	1,329,053	1,225,000
Investment - Debt Service Fund	2,975,000	2,975,000
	$ 93,142,719	$ 88,206,704
LIABILITIES		
Current		
Payables and accruals	$ 1,771,035	$ 3,757,667
Capital project holdbacks payable	753,477	4,453,113
Accrued interest payable	456,438	456,438
Deferred revenue (note 1(b) and 5)	2,293,427	2,055,254
	5,274,377	10,722,472
Long term debt (note 6)	123,000,000	119,000,000
DEFICIT		
Reserve for restricted assets (note 4)	4,304,053	4,200,000
Deficit	(39,435,711)	(45,715,768)
	(35,131,658)	(41,515,768)
	$ 93,142,719	$ 88,206,704

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Statement of Income and Deficit
year ended December 31, 1999

	1999	1998
Revenue		
Toll revenue (Note 1(b))	$ 21,590,347	$ 20,920,247
Other rate charges	104,075	95,000
Investment and sundry income		
OMA and Debt Service Funds	204,984	194,348
Other	238,829	81,647
	22,138,235	21,291,242
Expenses		
Operating, maintenance and administrative charges	4,654,925	4,478,392
Amortization of capital assets	3,847,643	2,261,921
Interest on long term debt and amortization of deferred financing costs (note 7)	7,903,366	7,117,097
	16,405,934	13,857,410
Income from operations	5,732,301	7,433,832
Other income		
Non-recurring GST rebate from prior years	651,809	---
Net income	6,384,110	7,433,832
Deficit, beginning of year	(45,715,768)	(53,089,600)
	(39,331,658)	(45,655,768)
Appropriation to restricted asset reserve	(104,053)	(60,000)
Deficit, end of year	$ (39,435,711)	$ (45,715,768)

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Statement of Cash Flows
year ended December 31, 1999

	1999	1998
Operating Activities		
Net income	$ 6,384,110	$ 7,433,832
Amortization of capital assets	3,847,643	2,261,921
Amortization of debt discount and refinancing costs	842,227	842,227
Loss (gain) on disposal of capital assets	(4,363)	122,696
	11,069,617	10,660,676
Net change in non-cash working capital balances (note 8)	(4,573,658)	4,916,473
	6,495,959	15,577,149
Financing Activities		
Proceeds from Line of Credit	4,000,000	19,000,000
Investing Activities		
Proceeds from disposal of capital assets	13,885	6,806
Increase in OMA Fund investments	(104,053)	(85,000)
Decrease in Debt Service Fund investments	---	25,000
Purchase of capital assets	(11,924,837)	(39,328,636)
	(12,015,005)	(39,381,830)
Decrease in cash during year	(1,519,046)	(4,804,681)
Cash, beginning of year	1,916,846	6,721,527
Cash, end of year	$ 397,800	$ 1,916,846

Notes to Financial Statements
December 31, 1999

1. Significant Accounting Policies

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board. The Commission recognizes revenue at the time a vehicle crosses a bridge.

c) Transponder inventory

Inventory is recorded at the lower of cost and net realizable value.

d) Amortization of capital assets

Amortization is calculated using the declining balance (d.b.) method, except for bridge structures, buildings, and some bridge components, which are being depreciated using the straight line (s.l.) method, at rates based on the estimated useful life of the assets, as indicated in note 3. Amortization commences in the year an asset is put in use.

Upon completion of the Macdonald bridge third lane project in 1999, the estimated remaining useful life of the major components of this bridge were increased to 40 years from 35 years for amortization purposes, based on consultation with the Commission's external consulting engineers. This change is applied to amortization expense for 1999 and future years.

e) Amortization of financing costs

The financing costs, discounts and hedge costs are being amortized on a straight line basis over the term of the Toll Revenue Bonds series 1, to December, 2007.

2. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

3. Capital Assets

		1999			1998
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		$ 5,735,046	$ ---	$ 5,735,046	$ 5,735,045
Buildings....	40 yrs s.l.	1,939,974	1,200,132	739,842	782,438
Bridge and bridge components					
A.L. Macdonald Bridge ..	20 to 85 yrs s.l.	66,389,599	7,769,354	58,620,245	49,651,803
A.M. MacKay Bridge ...	15 to 80 yrs s.l.	21,934,588	9,750,075	12,184,513	12,383,514
Computer equipment .	30% d.b.	326,986	188,545	138,441	169,469
Toll and other equipment .	20% d.b.	5,572,967	2,648,871	2,924,096	3,551,838
Mobile equipment .	30 % d.b.	739,162	544,656	194,506	194,900
		$ 102,638,322	$ 22,101,633	$ 80,536,689	$ 72,469,007

4. Restricted assets

Under the terms of a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company providing for the issue of Toll Revenue Bonds Series 1, so long as such Bonds are outstanding, the Commission must maintain two reserve funds, which will be funded from the revenues of the Commission, after payment of current operating, maintenance, and administrative expenses.

The operating, maintenance, and administrative (OMA) fund must be maintained at an amount at least equal to 25% of the annual budgeted OMA expenses for the year. This fund can only be used to pay OMA expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts.

The debt service fund must be maintained at a amount at least equal to 50% of annual interest payments required in respect of certain indebtedness, net of interest earned by the Commission in the year. This fund can only be used to pay principal, interest, and fees in respect of Toll Revenue Bonds, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts.

The reserve funds are held and invested by the trustee on behalf of the Commission. Both reserve funds were invested on December 31, 1999 at 5.2% maturing in June, 2000.

5. Deferred Revenue

	1999	1998
Unredemmed Tokens	$ 1,811,048	$ 1,810,245
Electronic Toll Collection (ETC) Accounts.................	482,379	245,009
	$ 2,293,427	$ 2,055,254

Token sales are recorded as deferred revenue until the tokens are used by customers, at which time revenue is recognized.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

6. Long term debt

	1999	1998
a) Toll Revenue Bonds	$ 100,000,000	$ 100,000,000
b) Revolving Line of Credit	23,000,000	19,000,000
	$ 123,000,000	$ 119,000,000

a) 5.95% Toll Revenue Bonds Series 1, maturing December 4, 2007, with interest payable in semi-annual payments. The Bonds are secured by an assignment of the revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission pursuant to a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company (see note 4). The Commission is also required to make quarterly contributions of $500,000 each to a Sinking Fund, commencing in the first quarter of the year 2000; and quarterly contributions of $750,000 each to a Capital Fund, also commencing in the first quarter of the year 2000.

b) 90 day B.A. rate + 3/10 of 1% line of credit, maturing the day following the date principal and interest are repaid in full on the Toll Revenue Bonds Series 1. This facility is a committed revolving credit of $30,000,000. Interest is payable annually. This debt is subordinated to the payment in full of all amounts from time to time owing to the holders of the Toll Revenue Bonds Series 1 under the Trust Indenture (see note 4). No amounts of principal or interest shall be paid by the Commission on this debt if the Commission is in default of payment of OMA expenses, principal or interest on the Toll Revenue Bonds Series 1, amounts due to be deposited into OMA Fund, Debt Service Fund, Sinking Fund, or Capital Fund, or amounts of principal and interest due under any other indebtedness of the Commission.

The estimated fair market value of the $100,000,000 fixed rate long term debt, based on the quoted market price for the same issue at December 31, 1999 is $94,050,000.

Payments required to the Sinking Fund and Capital Fund over the next five years are as follows:

2000	$	5,000,000
2001	$	5,000,000
2002	$	5,000,000
2003	$	5,000,000
2004	$	5,000,000

7. Interest on long term debt and amortization of deferred financing costs

	1999	1998
Interest on long term debt		
Toll Revenue Bonds	$ 5,950,000	$ 5,950,000
Line of Credit	1,111,139	324,870
Amortization of deferred financial costs and discounts	842,227	842,227
	$ 7,903,366	$ 7,117,097

8. Net change in non-cash working capital balances

Increase (decrease) in cash from changes in:	1999	1998
Receivables	$ 569,168	$ (869,587)
Transponder inventory	320,150	(185,483)
Prepaid expenses	(14,872)	10,787
Payables and accruals	(5,686,277)	5,772,422
Deferred revenue	238,173	188,334
	$ (4,573,658)	$ 4,916,473

9. Pension plan

The Commission sponsors a defined contribution pension plan for all their permanent employees. No future contributions are required in respect of past service at December 31, 1999.

10. Incorporation

The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia. The purposes of the Commission are to construct, maintain, and operate bridges and their necessary approaches across Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

11. Commitments

The Commission has entered into a contract with Walter & SCI/Cherubini in the amount of $44,442,879, net of change orders, plus HST for the construction and installation of new deck, dedicated pedestrian and bicycle lanes, and plaza work at the Macdonald Bridge. As at December 31, 1999, $44,342,075 plus HST had been incurred on this contract. See Note 2 to the financial statements for the HST status of the Commission.

12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

13. Additional Credit Facility

The commission has a $5,000,000 operating loan facility with a chartered bank which bears interest at prime rate minus .25% per year. The operating facility is subject to annual review and is unsecured. If the Credit Limit is exceeded at any time, interest will be calculated on the excess amount at prime plus 2% per year. As at December 31, 1999, no advances were outstanding.

14. Comparative figures

In come cases, the comparative figures on these financial statements have been reclassified to correspond with the current year's presentation.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
The Halifax Regional School Board

We have audited the consolidated balance sheet and the fund balance sheets of the Halifax Regional School Board as at March 31,2000, and the related statements of operations, continuity of deficit and continuity of investment in capital assets for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the continuity of deficit for the year then ended in accordance with accounting principles generally accepted for school boards in Nova Scotia.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
June 12, 2000

HALIFAX REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Receivables	$ 5,456,356	$ 5,722,832
Receivable from Department of Education (Note 15)	16,900,102	---
Prepaids	20,246	560,736
Inventory, at cost (Note 15)	---	162,749
Deferred service awards (Note 3)	---	2,289,235
	22,376,704	8,735,552
Deferred service awards (Note 3)	---	2,838,857
Deferred pension expense (Note 6)	---	235,714
Deferred amalgamation expense (Note 15)	---	1,407,692
Deferred finance charges	---	3,231
Capital assets (Note 2)		
Improvements to school properties	20,288,097	17,653,988
Interest in school buildings	89,442,758	89,442,758
Energy management system	1,655,265	1,655,265
Furniture, equipment, vehicles and renovations	10,932,161	10,535,789
	$ 144,694,985	$ 132,508,846

LIABILITIES

	2000	1999
Current		
Bank Indebtedness (Note 11)	$ 14,051,777	$ 15,714,980
Payables and accruals	7,254,192	7,735,614
Deferred revenue	1,250,459	74,541
Current portion of long term debt		396,361
	22,556,428	23,921,496
Long term		
Long term debt (Note 7)	---	1,155,722
Early retirement program (Note 4)	66,423,056	66,423,056
Due to Trust Funds	11,343	7,399
	88,990,827	91,507,673

EQUITY

	2000	1999
Deficit	(785,000)	(10,652,692)
Investment in early retirement program (Note 4)	(66,423,056)	(66,423,056)
Investment in capital assets	122,412,214	117,832,881
Special reserve fund	500,000	244,040
	55,704,158	41,001,173
	$ 144,694,985	$ 132,508,846

Commitments (Note 8)
Contingencies (Note 10)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Operating Fund
Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Accounts receivable		
Department of Education (Note 15)	$ 16,900,102	$ ---
Government of Canada	428,979	674,247
Province of Nova Scotia	3,585,392	2,981,673
Commodity taxes	752,973	720,096
Other	689,012	1,346,816
Prepaids	20,246	560,736
Inventory, at cost (Note 15)	---	162,749
Deferred service awards (Note 15)	---	2,289,235
	22,376,704	8,735,552
Deferred service awards (Note 15)	---	2,838,857
Deferred pension expense (Note 15)	---	235,714
Deferred amalgamation expense (Note 15)	---	1,407,692
	$ 22,376,704	$ 13,217,815

LIABILITIES

	2000	1999
Current		
Bank Indebtedness (Note 11)	$ 14,051,777	$ 15,714,980
Payables and accruals	7,254,192	7,735,614
Deferred revenue	1,250,459	74,541
	22,556,428	23,525,135
Long term		
Early retirement program (Note 4)	66,423,056	66,423,056
Due to Trust Funds	11,343	7,399
Due to Capital Fund	93,933	93,933
Due to Special Reserve Funds	500,000	244,040
	89,584,760	90,293,563

DEFICIENCY

	2000	1999
Deficit	(785,000)	(10,652,692)
Investment in early retirement program (Note 4)	(66,423,056)	(66,423,056)
	(67,208,056)	(77,075,748)
	$ 22,376,704	$ 13,217,815

Commitments (Note 8)
Contingencies (Note 10)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Operating Fund
Statement of Operations
Year ended March 31, 2000

		2000		1999
	Page	Budget	Actual	Actual
Revenue				
Province of Nova Scotia	154	$ 208,040,000	$ 206,626,683	$ 195,588,447
Halifax Regional Municipality	154	76,230,000	77,238,545	76,229,364
Government of Canada	154	1,450,000	1,696,955	1,997,245
Board Operations	154	3,365,000	3,725,198	2,961,311
Other	154	---	244,040	1,529,640
		289,085,000	289,531,421	278,306,007
Expenditure				
School Services	155-6	236,712,000	238,481,835	227,912,028
Regional board management	156	2,495,000	2,442,789	3,975,536
Business services	157	42,887,000	47,509,709	43,907,067
Corporate services	158	3,746,000	3,387,585	3,258,420
Prior year's deficit		10,650,000	10,652,692	9,303,644
		296,490,000	302,474,610	288,356,695
Excess of expenditure over revenue before extraordinary and other items		(7,405,000)	(12,943,189)	(10,050,688)
Other items (Note 15)		---	(4,741,913)	
Extraordinary item (Note 5)		---	---	(602,004)
Excess of expenditure over revenue before recovery		$ (7,405,000)	(17,685,102)	(10,652,692)
Recovery (Note 15)			16,900,102	---
Excess of expenditure over revenue			$ (785,000)	$ (10,652,692)

Statement of Continuity of Deficit
Year ended March 31, 2000

	2000	1999
Balance, beginning of year	$ (10,652,692)	$ (9,905,648)
Excess of expenditure over revenue	(785,000)	(10,652,692)
Transfer of prior year's deficit to statement of operations	10,652,692	9,303,644
Transfer of extraordinary item to statement of operations (Note 5)	---	602,004
Balance, end of year	$ (785,000)	$ (10,652,692)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Capital Fund
Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Due from Operating Fund	$ 93,933	$ 93,933
Deferred finance charges	---	3,231
Improvements to school properties (Note 2[b])	20,288,097	17,653,988
Interest in school buildings (Note 2[b])	89,442,758	89,442,758
Energy management system	1,655,265	1,655,265
Furniture, equipment, vehicles and renovations	10,932,161	10,535,789
	$ 122,412,214	$ 119,384,964

LIABILITIES

	2000	1999
Long term debt (Note 7)	$ ---	$ 1,552,083

EQUITY

	2000	1999
Investment in capital assets (Page 147)	122,412,214	117,832,881
	$ 122,412,214	$ 119,384,964

Commitments (Note 8)
Contingencies (Note 10)

Continuity of Investment in Capital Assets
Year ended March 31, 2000

	2000	1999
Balance, beginning of year	$ 117,832,881	$ 117,531,977
Capital purchases out of revenue		
Equipment and furnishings	1,122,621	1,336,579
Improvements to school properties	2,634,109	2,403,853
Reduction in long term debt (Note 15)	1,552,083	380,695
	123,141,694	121,653,104
Capital assets written off		
Equipment and furnishings (Note 2 [b])	726,249	2,316,683
Disposal of administrative building	---	1,502,049
Amortization of deferred finance charges	3,231	1,491
	729,480	3,820,223
	$ 122,412,214	$ 117,832,881

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Special Reserve Funds
Balance Sheet
March 31, 2000

	2000	1999
ASSETS		
Due from Operating Fund	$ 500,000	$ 244,040
EQUITY		
Special Reserve Funds (Note 13)	$ 500,000	$ 244,040

Special Reserve Funds
Continuity of Special Reserves
Year ended March 31, 2000

	2000			1999
	Future Operations	Capital	Total	Total
Balance, beginning of year	$ ---	$ 244,040	$ 244,040	$ 1,224,415
Proceeds from sale of property	---	---	---	549,265
Transfers from (to) Operating Fund				
Technology initiative	---	(244,040)	(244,040)	(756,000)
General revenue (Note 12)	---	---	---	(773,640)
Other transfer (Note 15)	500,000	---	500,000	---
Balance, end of year	$ 500,000	$ ---	$ 500,000	$ 244,040

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Notes to the Consolidated Financial Statements
March 31, 2000

1. Nature of operations

The Halifax Regional School Board manages education programs and finances of public schools within the Halifax Regional Municipality.

2. Significant accounting policies

(a) Basis of accounting and consolidation

The consolidated balance sheet is presented using the principles of consolidation prescribed by the Department of Education. The consolidated balance sheet includes the accounts of the operating, capital, and reserve funds. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements. The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis except for salaries, other than retroactive benefits, and interest payments relating to term debt which are recorded as an expense when paid. The Board records all items ordered but not received at year end as if they had been received, with the expenditure and the corresponding liability recorded at ordered cost. These policies are consistent with the method used to fund these expenditures.

(b) Capital fund assets

Capital fund assets transferred from municipal councils are recorded at their carrying value. All improvements to school properties and acquisitions of furniture and equipment are recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to the investment in capital fund assets. The Board does not record depreciation on its capital assets. Assets are written off in accordance with the criteria prescribed by the Department of Education.

Under the agreement with the municipal council, all school building and land on hand at January 1, 1982 remain assets of the municipality but are under the operational control of the Board until such time as the Board no longer requires the asset for school purposes. At that time control will revert back to the municipal councils.

The Board has made additions to school buildings, legal title to which is held by the Halifax Regional Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

(c) Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students.

3. Retirement service awards

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers Union locals and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which payment is to be made.

Actuarial valuations performed for the predecessor boards set out the following:

i) A 1993 actuarial valuation extrapolated to March 31, 1996 calculated the present value of the service awards payable for past services to be approximately $25,514,000 for the Halifax County - Bedford District School Board.

ii) As at July 31, 1989 the Dartmouth District School Board's actuarial study indicated that the present value of service awards applicable to past years was approximately $4,355,000.

iii) As at March 31, 1994 the Halifax District School Board actuarially determined the present value of service awards payable for past services to be approximately $9,111,000.

The present value of service awards payable for past services for the amalgamated board has not been determined.

During the year ended March 31, 2000, the Board paid $771,443 (1999 -$2,853,764) in service awards to retiring teachers.

The accumulated deferred service awards of $5,128,092 as of March 31, 1999 related primarily to service awards paid to teachers who retired under the terms and conditions of the Early Retirement Program. As disclosed in Note 15, the March 31, 2000 balance of $2,712,685 has been written off.

4. Early retirement program

The Early Retirement Program (1994-1998) resulted in the Board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the Board to fulfill the annual obligation due under provisions of the Early Retirement Program.

5. Extraordinary Item

The March 31, 1996 acumulated deficit of $602,004 related to a former board was provided for the 1999 fiscal year.

6. Pension plans

(a) For the employees of the former Halifax County-Bedford District School Board

The Board makes payments into pension plans for janitors, maintenance workers and administrative non-teaching staff. These plans are defined benefit pension plans and are administered by the Board. For janitors and maintenance workers, an actuarial valuation was last performed January 1, 1999. Extrapolations to March 31, 1999 indicated accrued pension benefits of $4,616,270 and pension fund assets with market values of $9,028,305. For the administrative non-teaching staff an actuarial valuation was performed March 1, 1998. Extrapolations to March 31, 1999 indicated accrued pension benefits of $7,222,023 and pension fund assets with market values of $7,548,579. The extrapolations for the administrative non-teaching staff pension plan reflect the transfer of members to the Non-Contract Employees Plan.

The plans declared a pension holiday commencing April 1, 1996, providing that employer contributions be ceased to draw-down the pension surpluses. Effective March 1, 1998 the plan for administrative staff was found to have a solvency deficiency which required the Board to make its regular contributions and special contributions to the plan of $28,500 in each year from March, 1998 to February, 2003.

In 1995/96, the predecessor board recorded a deferred pension expense of $300,000. This amount is being amortized against future years' operations over fourteen years. The unamortized balance at March 31, 2000 of $214,286 has been written off as disclosed in Note 15.

(b) For employees of the former Halifax District School Board

The Board has defined benefit pension plans which cover the janitors, maintenance workers and other non-teaching staff. These pension plans are part of the former City of Halifax Superannuation Fund, which reported an $835,000 surplus as at December 31, 1996. This surplus reflects the assumptions to be used by the new Halifax Regional Municipality Pension Plan.

(c) For employees of the former Dartmouth District School Board

The Board has defined benefit pension plans which cover the janitors, maintenance workers and other non-teaching staff. These pension plans are part of the former City of Dartmouth Pension Plan, which reported a deficiency of $35,700 as at January 1, 1997.

The deficiency resulted from pension plan amendments effective January 1, 1997. It is expected that current contribution levels as defined in the plan will eliminate the unfunded liability.

(d) Teachers' pension plan

The Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Board is not responsible for funding any deficiencies of this plan.

7. Long term debt

	2000	1999
Debenture payable to the Nova Scotia Municipal Finance Corporation at 10.375% to 10.5% per annum, maturing May 29, 2001	$ ---	$ 451,083
Debenture payable to the Nova Scotia Municipal Finance Corporation at 6.875% to 7.875% per annum, maturing November 14, 2002	---	1,101,000
	---	1,552,083
Less: Current portion	---	396,361
	$ ---	$ 1,155,722

As disclosed in Note 15, the Department of Education has assumed these liabilities as of March 31, 2000.

8. Commitments

a) The Board has entered into agreements to lease buildings and office equipment for various periods until 2007. The annual rent of the buildings includes a base rent plus a share of operating expenses. Minimum rent payable for the buildings and equipment for each of the next five years is as follows:

	Buildings	Equipment	Total
2001	$ 105,111	$ 166,644	$ 271,755
2002	83,274	---	83,274
2003	83,274	---	83,274
2004	56,274	---	56,274
2005	50,874	---	50,874
Subsequent to 2005	50,874	---	50,874
	$ 429,681	$ 166,644	$ 596,325

The Board is also committed to lease photocopiers for 5 years. The amount is based on usage and, therefore, cannot be accurately estimated.

b) The Board contracts the provision of transportation services under the terms of a five year agreement expiring in 2001. The cost of this contract approximates $6,950,000 per annum.

In addition, the Board is committed to the following for transportation services:

2001	$ 1,543,682

c) The Board is committed to pay management fees of $88,655 for the 5 months ended August 31, 2000 to Oxford Atlantic for services related to O'Connell Drive School.

9. Comparative figures

Certain of the comparative figures for 1999 have been reclassified to conform with the financial statement presentation adopted for 2000.

10. Contingencies

The Board incurred expenditures relating to environmental matters in its properties during the year ended March 31, 2000. It is likely that such expenditures will continue in future years and will be funded as incurred. The future liability relating to environmental matters in its properties is not determinable at this time.

11. Bank indebtedness

The board has an operating line of credit of $13,000,000 with interest at bank prime.

12. Transfers to Operating Fund

As approved by the Department of Education, in 1998/99 the Board transferred $773,640 (1997/98 - $900,000) to other revenue of the Operating Fund. These transfers are repayable to the Special Reserve Funds but the time frame of the repayment is yet to be finalized and has not been reflected in these financial statements.

13. Special reserve funds

The reserve for future operations is available to fund future expenditures. There are no restrictions on the usage of these funds. The capital reserve funds are available for capital equipment, repairs or renovations subject to the approval of the Minister of Education.

14. Related party transactions

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
- P3 Schools and facilities leases and operating costs;
- Payments for the teachers' pension plan and medical premiums;
- Certain IT systems and support

15. Public education funding for 2000-2001

On May 5, 2000 the department of Education and the regional school boards reached an agreement on funding for public education for the 2000-2001 fiscal year. For the year ending March 31, 2000 the Department will fund the following items;

- accumulated deficits as at March 31, 2000;
- outstanding liabilities at March 31, 2000 to the Municipal Finance Corporation;
- deferred service awards as at March 31, 2000;
- outstanding liabilities at March 31, 2000 to the Maintenance Stabilization Fund;
- outstanding bridge financing liabilities;
- $500,000 reserve for future operations.

Consequently, the Board has recorded a receivable from the Province of Nova Scotia in the amount of $16,900,102 representing the March 31, 2000 accumulated deficit.

To allow the Board to focus on managing activities within funds provided in the current year, the Department of Education agreed to the write-off of the following items in arriving at the March 31, 2000 deficit:

Deferred service awards	$	2,712,685
Deferred amalgamation expenses		1,100,117
Deferred pension expense		214,286
Inventory		214,825
Reserve for future operations		500,000
	$	4,741,913

In addition, the outstanding debentures payable to the Municipal Finance Corporation at March 31, 2000 of $1,155,722 have been removed from the accounts.

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Detail of Revenue
March 31, 2000

	2000		1999
	Budget	Actual	Actual
Province of Nova Scotia			
Unrestricted funding	$ 180,894,600	$ 178,169,505	$ 175,547,700
Special education	14,826,400	14,826,400	14,718,641
Textbook credit allocation	2,358,000	2,358,000	2,358,000
French special projects	97,000	101,142	99,059
Provincial initiatives	1,761,000	977,354	—
Information Economy Initiative	1,603,000	1,575,628	1,290,995
Emergency capital	—	465,452	510,000
Other	6,500,000	8,153,202	1,064,052
	$ 208,040,000	$ 206,626,683	$ 195,588,447
Halifax Regional Municipality			
Mandatory	$ 59,288,000	$ 60,047,600	$ 59,293,285
Supplementary	16,942,000	16,942,100	16,936,079
Other	—	248,845	—
	$ 76,230,000	$ 77,238,545	$ 76,229,364
Government of Canada			
French special projects	$ 242,000	$ 225,586	$ 247,653
Minority Official Language Funding	208,000	189,184	207,796
Adult ESL	875,000	1,034,739	1,031,925
Other	125,000	247,446	509,871
	$ 1,450,000	$ 1,696,955	$ 1,997,245
Board Operations			
Community Education Fees	$ 700,000	$ 504,344	$ 753,932
International Students	175,000	197,764	131,607
Summer School	165,000	133,350	147,863
Facilities rental	450,000	654,859	411,599
Investment income	500,000	167,238	520,279
Transportation services	20,000	6,218	58,312
EXCEL Program	1,035,000	1,291,992	616,880
Other	320,000	769,433	320,839
	$ 3,365,000	$ 3,725,198	$ 2,961,311
Other Revenue			
Transfer from Special Reserve	$ —	$ 244,040	$ 1,529,640

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Detail of Expenditure
March 31, 2000

	2000		1999
	Budget	Actual	Actual
School Services			
Classroom teachers			
Salaries	$ 143,457,000	$ 146,857,566	$ 140,748,231
Benefits	11,001,000	11,798,694	10,805,598
	$ 154,458,000	$ 158,656,260	$ 151,553,829
Substitutes	$ 5,519,086	$ 5,828,015	$ 7,010,526
Special Education			
Teachers' salaries	$ 11,939,000	$ 11,764,542	$ 11,488,049
EPA salaries	12,970,000	12,723,563	12,825,879
Benefits	2,238,000	2,801,631	2,271,277
Supplies	278,550	84,007	178,064
Tuition Agreements	250,000	224,002	295,525
	$ 27,675,550	$ 27,597,745	$ 27,058,794
Textbooks and Classroom Supplies			
School based materials	$ 6,776,631	$ 5,631,043	$ 5,187,687
Textbook credit allocation	2,358,000	2,358,000	2,373,730
	$ 9,134,631	$ 7,989,043	$ 7,561,417
Library and Guidance			
Guidance teacher salaries	$ 2,693,000	$ 2,308,909	$ 2,653,378
Library teacher salaries	3,007,000	3,268,941	3,243,392
Benefits	550,000	519,208	577,279
	$ 6,250,000	$ 6,097,058	$ 6,474,049
Teacher Administrators			
Salaries	$ 14,081,000	$ 11,395,578	$ 10,417,570
Benefits	964,000	599,782	783,207
	$ 15,045,000	$ 11,995,360	$ 11,200,777
School and Admin Secretaries			
Salaries	$ 4,723,000	$ 5,202,535	$ 5,000,040
Benefits	904,000	1,475,070	930,112
	$ 5,627,000	$ 6,677,605	$ 5,930,152
Regional and Area Teams			
Teachers salaries	$ 2,389,000	$ 1,594,022	$ 875,872
Student support workers	473,000	483,566	489,373
IEI technology assistants	493,000	529,543	105,343
Benefits	234,000	208,273	107,860
Supplies	1,351,914	948,858	10,967
IEI non-salary	1,083,000	863,767	827,671
	$ 6,023,914	$ 4,628,029	$ 2,417,086

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Detail of Expenditure (continued)
March 31, 2000

	2000		1999
	Budget	Actual	Actual
School Services (continued)			
Community Development			
Salaries and wages	$ 1,059,000	$ 1,093,381	$ 1,335,921
Benefits	71,000	161,714	145,777
Building utilization costs	---	175,000	---
Supplies	181,000	67,085	63,715
Advertising	100,000	76,603	74,616
EXCEL Program	1,015,000	1,066,735	668,013
Adult ESL	875,000	963,329	1,044,392
Community projects	125,000	631,652	367,844
	$ 3,426,000	$ 4,235,499	$ 3,700,278
Other			
Lunch and bus monitor wages	$ 670,000	$ 700,726	$ 1,164,222
Homebound tutors and security guard wages	250,000	187,057	207,735
Benefits	52,000	54,540	94,472
Bad debts	---	785,000	---
Telephone	700,000	937,127	1,011,960
Travel	350,000	420,196	434,191
	$ 2,022,000	$ 3,084,646	$ 2,912,580
Capital equipment	$ 1,530,819	$ 1,692,575	$ 2,092,540
	$ 236,712,000	$ 238,481,835	$ 227,912,028
Regional Board Management			
Board Members			
Honoraria	$ 100,000	$ 101,038	$ 103,261
NSSBA dues	151,000	151,162	137,755
Travel and conferences	40,000	42,556	72,432
Election expenses	---	---	127,846
	$ 291,000	$ 294,756	$ 441,294
Superintendent and Supervisory Officers			
Teachers' salaries	$ 598,000	$ 579,410	$ 1,260,658
Benefits	54,000	92,044	138,701
	$ 652,000	$ 671,454	$ 1,399,359
Board Administration			
Teachers' salaries	$ 726,000	$ 638,808	$ 697,666
Benefits	92,000	115,641	132,196
Travel	---	24,883	17,262
Legal	200,000	232,902	527,800
Supplies	232,000	157,320	507,038
	$ 1,250,000	$ 1,169,554	$ 1,881,962
Deferred Amalgamation Expense	$ 302,000	$ 307,025	$ 252,921
	$ 2,495,000	$ 2,442,789	$ 3,975,536

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Detail of Expenditure (continued)
March 31, 2000

	2000		1999
	Budget	Actual	Actual
Business Services			
Board Administration			
Salaries	$ 1,843,000	$ 1,833,892	$ 1,626,299
Benefits	321,000	478,601	227,988
Supplies	75,000	227,354	206,110
Travel and conferences	---	7,541	17,010
Professional fees	100,000	46,455	226,340
Bank charges	135,000	217,135	55,974
Liability insurance	175,000	187,077	170,786
	$ 2,649,000	$ 2,998,055	$ 2,530,507
Facilities and Grounds			
Salaries			
Maintenance	$ 1,725,000	$ 1,991,570	$ 2,511,050
Custodial	11,035,000	11,463,075	10,982,111
Benefits	2,478,000	3,168,323	2,255,748
Supplies			
Maintenance	3,125,000	4,291,881	4,575,096
Custodial	655,000	725,260	825,963
Facilities rental	219,000	219,912	212,728
Travel and conferences	60,000	72,690	59,207
Insurance	340,000	304,027	318,681
Utilities			
Electricity	3,490,000	3,489,081	3,463,755
Heating fuel	1,901,000	2,467,390	1,504,198
Water	394,000	539,413	448,698
Telephone	100,000	79,566	45,156
Vehicle operating costs	300,000	257,668	293,292
Contracted services			
Maintenance	350,000	289,042	339,862
Snow removal	600,000	290,087	288,972
Garbage	325,000	485,579	390,429
Grasscutting	170,000	100,000	---
P3 school maintenance	880,000	810,066	64,252
Contracted cleaning services	50,000	69,797	301,268
	$ 28,197,000	$ 31,114,427	$ 28,880,466
Contracted Services: Conveyance	$ 9,815,000	$ 10,763,117	$ 9,442,345
Capital Repairs and Renovations	$ 1,640,000	2,114,150	$ 2,517,357
Capital debt service	$ 586,000	$ 519,960	$ 536,392
	$ 42,887,000	$ 47,509,709	$ 43,907,067

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Detail of Expenditure (continued)
March 31, 2000

	2000		1999
	Budget	Actual	Actual
Corporate Services			
Board Administration			
Salaries	$ 959,000	$ 1,092,722	$ 1,535,066
Benefits	162,000	183,481	266,872
Supplies	625,000	493,903	386,473
Professional services	---	49,081	174,760
Travel and conferences	---	4,124	12,030
Telephone	250,000	224,677	195,324
	$ 1,996,000	$ 2,047,988	$ 2,570,525
Professional Development			
Sabbaticals	$ 800,000	$ 866,941	$ 338,261
Courses and training	950,000	472,656	349,634
	$ 1,750,000	$ 1,339,597	$ 687,895
	$ 3,746,000	$ 3,387,585	$ 3,258,420

HALIFAX REGIONAL SCHOOL BOARD

Schedule of Trust Funds
March 31, 2000

	George Perrin	Christopher Maxwell	Abbie J Lane	Doane Hatfield	Annie M Piercey	James R Pineo	Almar H Shatford	Mengie Shulma	Harold T. Barrett	Carl & Rita Turner	Donald Keith	Spryfield Auxiliary	2000 Total	1999 Total
Cash.........	$ 1,213	$ 37	$ ---	$ 30	$ ---	$ 20,696	$ 1,948	$ 4,592	$ 1,271	$ 4,318	$ 995	$ 3,197	$ 38,297	$ 13,824
Restricted cash.	10,000	500	---	500	---	---	16,317	---	10,000	---	7,023	---	44,340	20,500
Due to Operating Fund	(500)	(19)	(350)	---	---	(18,300)	(1,200)	(500)	---	(500)	(600)	---	(21,969)	---
Due from Operating Fund	---	---	1,802	16	325	9,200	---	---	---	---	---	---	11,343	7,399
Investments...	---	---	8,500	---	5,000	100,000	---	---	---	---	---	---	113,500	146,339
	$ 10,713	$ 518	$ 9,952	$ 546	$ 5,325	$ 111,596	$ 17,065	$ 4,092	$ 11,271	$ 3,818	$ 7,418	$ 3,197	$ 185,511	$ 188,062
Equity.......	$ 10,713	$ 518	$ 9,952	$ 546	$ 5,325	$ 111,596	$ 17,065	$ 4,092	$ 11,271	$ 3,818	$ 7,418	$ 3,197	$ 185,511	$ 188,062
Balance, beginning of year.......	$ 10,620	$ 500	$ 9,983	$ 522	$ 5,000	$ 116,985	$ 17,538	$ 4,382	$ 10,758	$ 4,122	$ 7,652	$ ---	188,062	$ 191,504
Donations.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Other.........	85	---	---	---	---	---	---	---	---	---	---	3,184	3,269	---
Interest earned .	508	37	319	24	325	9,611	727	210	513	196	366	13	12,849	12,444
	11,213	537	10,302	546	5,325	126,596	18,265	4,592	11,271	4,318	8,018	3,197	204,180	203,948
Awards paid ..	(500)	(19)	(350)	---	---	(15,000)	(1,200)	(500)	---	(500)	(600)	---	(18,669)	(15,886)
Balance, end of year.......	$ 10,713	$ 518	$ 9,952	$ 546	$ 5,325	$ 111,596	$ 17,065	$ 4,092	$ 11,271	$ 3,818	$ 7,418	$ 3,197	$ 185,511	$ 188,062

AUDITOR'S REPORT

To the Shareholder of Highway 104
Western Alignment Corporation

We have audited the balance sheet of Highway 104 Western Alignment Corporation as at March 31, 2000, and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Canada
June 16, 2000

HIGHWAY 104 WESTERN ALIGNMENT

Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Project bank accounts	$ 356,139	$ 512,103
Inventory	26,645	14,214
Prepaids (Note 3)	259,354	192,248
Receivables (Note 4)	597,266	175,180
Restricted assets (Note 5)	7,798,974	10,504,211
Facility (Note 6)	119,662,832	121,907,867
Deferred costs (Note 7)	981,385	1,130,701
	$ 129,682,595	$ 134,436,524

LIABILITIES

	2000	1999
Payables and accruals	$ 850,976	$ 1,946,365
Deferred revenue	481,748	447,952
Long term debt (Note 8)	78,733,976	80,649,045
Payable to the Province of Nova Scotia (Note 9)	250,000	250,000
Deferred government assistance (Note 2)	53,197,138	54,188,344
	133,513,838	137,481,706

SHAREHOLDERS' DEFICIENCY

	2000	1999
Capital stock, one no par value share issued and outstanding in favour of the Province of Nova Scotia	1	1
Reserve for restricted assets (Note 10)	1,778,648	4,483,885
Deficit	(5,609,892)	(7,529,068)
	(3,831,243)	(3,045,182)
	$ 129,682,595	$ 134,436,524

Commitments and contractual obligations (Note 12)

See accompanying notes to the financial statements.

HIGHWAY 104 WESTERN ALIGNMENT

Statement of Loss and Deficit
for the 12 Periods Ending March 31, 2000

	2000	1999
Revenue		
Facility revenue	$ 11,004,086	$ 10,452,829
Interest income	465,247	588,722
	11,469,333	11,041,551
Expenses		
Bondholder representative fees	95,345	110,343
Trustee fees	29,442	43,181
Salaries & benefits	157,197	149,909
Office	38,921	30,669
General & administrative	142,923	121,741
Enforcement	60,000	60,000
Independent engineer	39,028	37,277
Routine maintenance	656,504	650,004
Facility operations	1,421,901	1,361,015
Transponders	52,669	123,923
	2,693,930	2,688,062
Earnings before other items	8,775,403	8,353,489
Other Items		
Government assistance amortization (Note 2)	991,206	846,222
Amortization and depreciation	(2,347,437)	(2,013,831)
Interest on line of credit	---	(47,088)
Interest on long term debt	(8,205,233)	(8,509,337)
Net loss	$ (786,061)	$ (1,370,545)
Deficit, beginning of year	$ (7,529,068)	$ (3,583,446)
Net loss	(786,061)	(1,370,545)
Transfer from (to) reserve for restricted assets (Note 10)	2,705,237	(2,575,077)
Deficit, end of year	$ (5,609,892)	$ (7,529,068)

*See accompanying notes to the financial statements.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

Statement of Cash Flows
Year ended March 31, 2000

	2000	1999
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	$ (786,061)	$ (1,370,545)
Government assistance amortization	(991,206)	(846,222)
Amortization of deferred financing fees	35,434	35,434
Amortization and depreciation	2,347,437	2,013,831
	605,604	(167,502)
Change in non-cash operating working capital (Note 11)	(1,563,217)	2,008,617
	(957,613)	1,841,115
Financing		
(Decrease) increase in long term debt	(1,915,069)	360,947
Government assistance	---	11,655
	(1,915,069)	372,602
Investing		
Decrease (increase) in restricted assets	2,705,237	(2,575,065)
Warranty settlement	362,668	---
Construction of facility	(351,187)	(222,084)
	2,716,718	(2,797,149)
Net decrease in cash and cash equivalents	(155,964)	(583,432)
Cash and cash equivalents, beginning of year	512,103	1,095,535
Cash and cash equivalents, end of year	$ 356,139	$ 512,103

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2000

1. Nature of operations

The Corporation has been established for the purpose of financing, design, construction, operation and maintenance of the Facility consisting mainly of a 45 km stretch of highway (referred to as the Highway 104 Western Alignment) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia.

2. Summary of significant accounting policies

Pre-operating and operating periods
The pre-operating period was the twenty month construction period commencing April 1, 1996 until the date of acceptance in November 1997. Operations began December 1, 1997.

Facility
The Facility consists of the highway referred to as the Highway 104 Western Alignment and the toll plaza constructed on the highway. The costs of the facility include certified progress payments to the Facility's contractor, independent engineer fees, professional fees and interest costs incurred during the pre-operating period. These costs are being amortized over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

Deferred costs - start up
Administrative expenses incurred during the pre-operating period have been deferred as start-up costs and are being amortized to operations, on a pro-rata basis, over a five year period commencing at the start of the operating period.

Deferred costs - financing fee
Financing, commitment and bondholder representative fees related to the establishment and placement of the senior and junior toll revenue bonds have been deferred and are being amortized to operations over the term of the related bond debt commencing at the start of the operating period.

Deferred government assistance
Government assistance provided by the Province of Nova Scotia has been recorded as a deferral and is being amortized to operations over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates
In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. Prepaids

	2000	1999
Operating expenses	$ 29,946	$ 27,840
Advance to operator	229,408	164,408
	$ 259,354	$ 192,248

4. Receivables

	2000	1999
Provincial supplemental payments	$ ---	$ 5,855
Interest	---	2,724
Harmonized Sales Tax	61,305	85,172
Other	535,961	81,429
	$ 597,266	$ 175,180

5. Restricted assets

	Cash	Investment	2000 Total	1999 Total
Senior debt service reserve account	$ 681	$ 4,769,824	$ 4,770,505	$ 4,516,171
Capital reserve account	137	1,818,156	1,818,293	5,405,970
Major maintenance reserve account	51	1,210,125	1,210,176	582,070
	$ 869	$ 7,798,105	$ 7,798,974	$ 10,504,211

Investments are recorded at costs, have a weighted average term of 6.55 months to maturity and a weighted average interest rate of 5.77%. The market value of the investments approximates the carrying value.

The following restricted accounts have been established in accordance to trust indenture agreements between the Corporation and the senior and junior bondholders and an Omnibus Agreement between the Corporation and the Province of Nova Scotia:

(i) The capital reserve account has been established to provide funds to pay the interest and principal on the senior and junior bonds and the subordinated notes. These funds are also available to pay the trustee and bondholders' representative fees to the extent they are not paid out of the project account. This account provides funding to the major maintenance reserve and the senior debt reserve accounts. The capital reserve account is funded from excess funds transferred from the project bank accounts of the Corporation.

(ii) The senior debt reserve account has been established to provide a reserve of funds to be available for payments as they come due for the senior toll revenue bonds. Funds can only be transferred from this fund when funds in the capital reserve account are insufficient to pay senior toll revenue bond payments. The account should maintain sufficient reserves equal to 12 months principal and interest payments due on the senior toll revenue bonds. The replenishment of the reserve comes from the capital reserve account.

(iii) The major maintenance reserve account has been established for the purpose of paying major maintenance repair and rehabilitation expenses. This reserve is funded from the capital reserve account in accordance with a maintenance budget recommended by the Independent Engineer through the terms of the major maintenance reserve fund agreement.

6. Facility

	Cost	Accumulated Depreciation	2000 Net book Total	1999 Net book Total
Facility	$ 124,419,270	$ 4,756,438	$ 119,662,832	$ 121,907,867

7. Deferred costs

	2000	1999
Start up	$ 303,685	$ 417,567
Financing fees	677,700	713,134
	$ 981,385	$ 1,130,701

8. Long term debt

	2000	1999
Senior toll revenue bonds bearing interest at 10.13%, maturing March 31, 2026, repayable in partial interest payments from June 30, 1999 until March 31, 2006 and then 80 equal blended quarterly payments of interest and principal of $2,251,191. Interest from the date of issue has been capitalized as part of the principal and continued to be fully capitalized until June 30, 1999. As security, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the Facility, a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.	$ 66,491,913	$ 64,406,982
Junior toll revenue bonds bearing interest at 10.76%, maturing March 31, 2011, repayable in interest payments only from June 30, 1999 until March 31, 2001 and then 40 equal blended quarterly payments of principal and interest of $503,395. Interest from the date of issue has been capitalized as part of the principal and continued to be capitalized until June 30, 1999. As security, the Corporation has assigned a second charge security interest in all security pledged to senior toll revenue bondholders.	12,242,063	12,242,063
Subordinated notes bearing interest at 13.4%, interest only is payable monthly out of excess cash, to the extent it is not paid, it will be compounded semi-annually in arrears, quarterly principal repayments are to begin when surplus cash is available. The notes are expressly subordinated and postponed in right of payment to the senior toll revenue bonds and the junior toll revenue bonds.	---	4,000,000
	$ 78,733,976	$ 80,649,045

Minimum principal repayments required will begin in year 2002 and are as follows:

2002	$ 725,000
2003	806,000
2004	897,000

9. Payable to the Province of Nova Scotia

On the date of acceptance, the Province advanced $250,000 to the Corporation to facilitate the Provincial subsidy. Under the First Amendment to the Omnibus Agreement, the Province reduced the tolls for transponder users and created a Provincial subsidy payable to the Corporation to offset the reduction. The advance is to be repaid to the Province on the earlier of the date when the toll rates are increased back to the original rates laid out in the Omnibus Agreement or when the Corporation has fully extinguished its obligations under the Senior and Junior Bond Indentures.

10. Reserve for restricted assets

The capital reserve account is to be funded from excess funds in the Project Bank Account. In addition, any interest earned on restricted assets form part of the reserve account.

	2000	1999
Reserve for restricted assets, beginning of year	$ 4,483,885	$ 1,908,808
Transfers from project account	8,405,000	10,129,646
Interest income	440,335	558,387
Long term debt payments, including interest	(10,084,868)	(8,112,956)
Rebate to Province	(1,465,704)	
	(2,705,237)	2,575,077
Reserve for restricted assets,end of year	$ 1,778,648	$ 4,483,885

11. Supplemental cash flow information

	2000	1999
Change in non-cash operating working capital		
Inventory	$ (12,431)	$ (2,077)
Prepaids	(67,106)	21,782
Receivables	(422,086)	1,023,402
Payables and accruals	(1,095,390)	777,648
Deferred revenue	33,796	187,862
	$ (1,563,217)	$ 2,008,617
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	$ 356,139	$ 512,103
Interest paid	$ 6,084,868	$ 8,112,957

12. Commitments and contractual obligations

The Corporation has entered into the following agreements to finance, design, construct, operate and maintain the Highway 104 Western Alignment:

- **Omnibus Agreement**
  Agreement dated April 1, 1996, between the Corporation, the Contractor, the Operator and the Province of Nova Scotia to design, finance, construct, operate and maintain the Highway 104 Western Alignment. This agreement acknowledges that the Corporation has entered into a Design Build Agreement and an Operating Agreement to fulfil its obligations to the Province.

  Under this agreement, the Province of Nova Scotia retains ownership of the Facility, however, the Corporation is granted the right to operate and collect tolls for a thirty-year period, at which time this right will revert back to the Province.

  The Province contributed $55,000,000 to the project.

- **Operating Agreement**
  Agreement dated May 22, 1996 between the Corporation and Atlantic Highways Management Corporation (the Operator) whereby the Operator is required to operate the Facility which includes the toll collection system, toll plaza and the administration building.

  Operator compensation is based on the annual operating budget plus a variable fee, subject to adjustment under certain conditions, equal to 10% of the total annual budget.

- **Major Maintenance Reserve Fund Agreement**
  Agreement between the Corporation, the Trustee and the Bondholders' Representative to provide for the major maintenance work required during the operating period of the Facility. The Agreement requires the Corporation, on an annual basis, to engage an independent engineer to report on all major maintenance work to be completed in the upcoming year, as well as a major maintenance budget to determine the required annual amount to be deposited in the Major Maintenance Reserve Account. The maximum annual fee is $50,000.

- **Annual Roadway Maintenance Agreement**
  Five year agreement between the Corporation and the Department of Transportation and Public Works of the Province of Nova Scotia to provide annual roadway maintenance services for an annual fee of $650,000 commencing April 1, 1999 and subsequently adjusted thereafter for inflation.

- **Other**
  The Corporation has also entered in various lease agreements for equipment and office space. The minimum lease payments for each of the next year are as follows:

2001	7,347

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Housing and Municipal Affairs

I have audited the balance sheet of the Nova Scotia Housing Development Corporation as at March 31, 2000, and the statements of revenues and expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Housing Development Corporation as at March 31, 2000, and the results of its operations and the changes in the fund balance for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 30, 2000

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current assets		
Accounts receivable and accrued interest	$ 2,594,236	$ 1,568,478
Current portion of mortgages receivable	2,635,900	846,560
	5,230,136	2,415,038
Mortgages receivable (Note 6)	36,742,656	20,612,789
Investment in land and social housing (Note 7)	407,365,381	318,160,957
Fund for future social housing expenditures	9,702,415	8,959,108
	$ 459,040,588	$ 350,147,892

LIABILITIES

	2000	1999
Current liabilities		
Payables and accruals	$ 905,558	$ 532,460
Current portion of long-term debt	8,660,698	7,274,977
Deferred federal contributions	9,702,415	8,959,108
	19,268,671	16,766,545
Long-term debt (Note 8)	336,510,749	313,641,375
Reserve for mortgage guarantees indemnified loans and interest fluctuations (Note 9)	12,600,000	11,300,000
Housing Development Corporation Fund (Note 5)	90,661,168	8,439,972
	$ 459,040,588	$ 350,147,892

Commitments and Contingencies (Note 9)

Statement of Revenues and Expenditures
for the year ended March 31, 2000

	2000	1999
Revenues		
Interest revenue	$ 3,238,672	$ 2,117,098
Land sales	3,952,005	---
Recoveries from Canada Mortgage and Housing Corporation	31,848,525	29,614,730
Recoveries from provincial government departments	10,391,893	7,425,742
	49,431,095	39,157,570
Expenditures		
Administration fee	2,685,059	1,309,033
Amortization of investments in social housing	7,911,996	5,451,969
Cost of land sales	4,108,411	---
Interest on long-term debt	32,658,968	32,368,218
Miscellaneous	---	28,350
Provision for Bad debts	2,066,661	---
	49,431,095	39,157,570
Excess of revenues over expenditures	$ ---	$ ---

The accompanying notes are an integral part of these statements.

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Statement of Changes in Fund Balance
for the year ended March 31, 2000

	2000	1999
Funds provided by (used for):		
Operations		
Excess of revenues over expenses	$ —	$ —
Add: Expenses not requiring cash		
Amortization of investment in social housing	7,911,996	5,451,969
Increase (decrease) in provision for bad debts	2,066,661	(1,287,944)
Loss on sale of land	156,406	—
Net change in operating assets and liabilities	(209,743)	9,745,526
	9,925,320	13,909,551
Investing activities		
Repayment of mortgages receivable	1,410,701	3,317,059
Transfer of Housing Development Fund net assets (Note 3)	(95,062,762)	—
Transfer from Department of Housing and Municipal Affairs (Note 4)	2,568,209	—
Increase in investment in social housing	3,291,414	1,018,318
Transfer of Land to Dept of Natural Resources (Note 7)	6,030,860	—
	(81,761,578)	4,335,377
Financing activities		
Repayment of long-term debt	(10,384,938)	(13,935,163)
Increase (decrease) in Fund balance during the year	(82,221,196)	4,309,765
Fund balance, beginning of year	(8,439,972)	(12,749,737)
Fund balance, end of year	$ (90,661,168)	$ (8,439,972)

The accompanying notes are an integral part of these statements.

Notes to Financial Statements
March 31, 2000

1. Authority

On June 17, 1986 the Nova Scotia Housing Development Corporation Act established the Nova Scotia Housing Development Corporation. The purpose of the Corporation is to provide long-term mortgage financing through outside lenders for social housing programs, and the home ownership programs of the Department of Housing and Municipal Affairs, and loan guarantees for housing purposes.

2. Significant Accounting Policies

Mortgages Receivable

Mortgages receivable are carried net of provisions for concessionary assistance and doubtful recoveries as described in Note 6 to the financial statements.

A Provision for doubtful recoveries is established to the extent that anticipated losses on bad debts exceed the funding available in the mortgage insurance funds. The Housing Development Corporation charges mortgage insurance fees to borrowers to offset the cost of bad debt write offs from the mortgage receivable portfolio.

A provision for concessionary assistance represents the present value of estimated future subsidies provided by the Department of Housing and Municipal Affairs to low income borrowers to assist them in meeting their monthly mortgage payments to the Corporation.

Investment in Land and Social Housing

Investments in Social Housing represent housing properties which are carried at cost including the cost of site investigation, land, construction, administration, and interest during construction less accumulated amortization. The Corporation has established reserves for the risks associated with interest rate fluctuation, mortgage default, and fire losses.

The capital cost of social housing properties is amortized, using the sinking fund method, by the amount of the principal repaid on the related long-term debt financing in the project.

Investments in Land represent properties developed for resale. Land projects are carried at the lower cost and estimated net realizable value. Land costs include acquisition and servicing costs, capitalized interest charges and administrative costs where applicable.

Profit or loss on the sale of land is recorded as lots are sold except when revenue or costs cannot be reasonably determined. Costs incurred plus estimated costs to complete are accumulated and allocated to individual units on the basis of relative sales values and written off as lots are sold. Certain common costs, such as main roadways, are allocated to that phase of the project with the applicable spending authority.

Recoveries From CMHC - Social Housing

Pursuant to the October 1, 1997 Social Housing Transfer Agreement, Canada Mortgage and Housing Corporation (CMHC) is required to pay to the Corporation annual contributions to assist with program expenses. Over the term of the agreement from October 1, 1997 to June 30, 2034 CMHC will contribute $1,273,000,000. Contributions from CMHC are used by both the Corporation and the Department of Housing and Municipal Affairs to meet the interest, amortization, subsidy and administration expenses of programs under the Agreement.

The Corporation records recovery revenue from CMHC in an amount equal to the interest and amortization expenses incurred by the Corporation for programs under the Social Housing Transfer Agreement. CMHC funding not used during the current fiscal year by the Corporation or the Department is eligible for carry forward to future years. Unused CMHC funding is recorded separately in two interest bearing accounts entitled Fund for Future Social Housing Expenditures and Deferred Federal Contributions.

Recoveries from CMHC and provincial government departments are subject to final settlement reviews. Adjustments to recoveries, accounts receivable, deferred federal contributions and the Fund for Future Social Housing Expenditures, arising from the final settlement process, are recorded in the year the review is finalized.

Recoveries From Provincial Government Departments

Costs incurred by the Corporation for the amortization of provincial social housing assets and the interest costs associated with the debt financing of these assets are recovered from the applicable provincial government department.

Interest Revenue

Interest revenue associated with lending programs is recorded on the accrual basis as interest is earned.

Interest on Long Term Debt

Interest expense on long term debt is recorded on the accrual basis as interest obligations are incurred.

Administration Fee

The administration of the Nova Scotia Housing Development Corporation is carried out by the staff of the Department of Housing and Municipal Affairs. The Corporation reimburses the Department to the extent that revenues earned by the Corporation exceed expenditures.

Change in Accounting Policy

In prior years, increases or decreases in provisions of doubtful accounts were recorded as a direct charge to the Housing Development Corporation Fund. Commencing in the current fiscal year, increases and decreases in provisions of doubtful accounts will be recorded as an expenditure or a recovery on the Statement of Revenues and Expenditures. This change in accounting policy has not been applied on a retroactive basis.

3. Transfer of Housing Development Fund Net Assets

On March 29, 2000, Section 9 of the Housing Development Corporation Act was amended to permit the Corporation to acquire all of the assets and liabilities of the Housing Development Fund. Housing Development Fund assets and liabilities were transferred at book value, effective April 1, 1999, to the Corporation as follows:

Accounts receivable and advances	$	464,596
Mortgages receivable		20,536,635
Investment in land and housing projects		108,723,242
Accounts payable		(21,678)
Notes payable		(34,640,033)
Book value of assets transferred	$	95,062,762

4. Transfer from Department of Housing and Municipal Affairs

Effective April, 1999 certain asset and liability balances related to the delivery of social housing programs administered by the Department of Housing and Municipal Affairs were transferred to the Corporation at their book value of $2,568,209.

5 Housing Development Corporation Fund

To provide working capital for the Nova Scotia Housing Development Corporation, the Housing Development Corporation Fund was established by Order-In-Council. The Fund is set up as a revolving account which records all receipts and expenditures, and allows the Corporation to borrow up to $175 million.

6. Mortgages Receivable

Mortgages receivable have an amortization period of 25 years and five or ten-year renewal terms. Aggregate monthly payments are approximately $252,156 including interest. Interest rates vary from 6.5% to 13.05%, with renewal dates ranging from April 1, 2000 to Oct. 1, 2012. The mortgages are secured by registered first mortgages on the related properties. The Corporation has assigned the mortgages receivable as security for notes payable.

	2000	1999
Mortgages receivable	$ 41,781,456	$ 22,439,032
Less: Current portion due within one year	2,635,900	846,560
Provision for concessionary assistance and doubtful recoveries	2,402,900	979,683
	5,038,800	1,826,243
	$ 36,742,656	$ 20,612,789

Estimated principal repayments for the next four years are as follows:

2001-2002	$ 2,675,701
2002-2003	$ 2,747,944
2003-2004	$ 2,854,022
2004-2005	$ 2,991,034

7. Investment in Land and Social Housing

	2000	1999
Investment in Land	$ 9,041,535	$ —
Investment in social housing	406,536,859	319,482,046
	415,578,394	319,482,046
Less: Provision for doubtful land recoveries	6,494,947	—
Provision for fire and other social housing losses	1,718,066	1,321,089
	8,213,013	1,321,089
	$ 407,365,381	$ 318,160,957

Effective May 1, 1999 the Corporation transferred 694 acres of land with a book value of $6,030,860, located at Second Lake, Halifax Regional Municipality, to the Department of Natural Resources. No monies were received by the Corporation from the Department of Natural Resources for this land and the cost has been recorded as a charge to the Housing Development Corporation.

8. Long -Term Debt

	2000	1999
Notes payable	$ 263,614,086	$ 237,557,097
Mortgages payable	81,557,361	83,359,255
	345,171,447	320,916,352
Less: Current portion due within one year	8,660,698	7,274,977
	$ 336,510,749	$ 313,641,375

Long term debt is comprised of mortgages and notes payable from various lenders. The amortization of the notes payable ranges from 5 - 36 years. The mortgages payable amortization periods range from 20 - 35 years with either five or ten year renewal terms. Mortgages and notes payable are secured by an assignment of mortgages receivable and investments in social housing. Mortgages and notes payable are repayable in monthly or quarterly installments of interest and principal. Interest rates vary from 4.00% to 21.50% with renewal dates ranging from April 1, 2000 to January 1, 2034.

Estimated principal repayments for the next four years are as follows:

2001-2002	$ 9,260,447
2002-2003	$ 9,931,074
2003-2004	$ 9,811,994
2004-2005	$ 10,547,890

9. Commitments and Contingencies

Pursuant to the October1, 1997 Social Housing Transfer Agreement CMHC requires the Corporation to indemnity CMHC against future losses related to their insured loan portfolio for Nova Scotia. As at March 31, 2000 there were 468 loans with an approximate outstanding balance of $176,798,000 (1999 - 185,715,000).

The Corporation provides mortage guarantees of interest and principal to lenders financing certain housing projects. As at March 31, 2000 a total of 28 (1999 - 29) mortgage guarantes were in effect, and the outstanding balance of mortgages guaranteed was $27,962,000 (1999 - $27,282,000).

The Corporation has established reserves for possible losses on mortgage guarantees and indemnified loans in the amount of $12,600,000 which includes a reserve for risks associated with interest fluctuation of $3,200,000.

10. Comparative Figures

Prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

11. Related Party Transactions

Major related parties of the Corporation are the Department of Housing and Municipal Affairs, Department of Justice, CMHC and the Regional Housing Authorities.

Certain assets owned by the Corporation under the SocialHousing Transfer Agreement are operated by Regional Housing Authorities. The related operational expenses of those authorities are not included in the statements. These financial statements include certain assets and related external debt which is being repaid by another government department.

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Housing and Municipal Affairs

I have audited the balance sheet of the Housing Development Fund as at March 31, 2000, and the statement of continuity of net advances for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Housing Development Fund as at March 31, 2000, and the continuity of the net advances for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 30, 2000

HOUSING DEVELOPMENT FUND

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Accounts receivable and advances (Note 1)	$ ---	$ 464,596
Mortgages receivable (Note 1)	---	20,536,635
Investment in land and housing projects (Note 1)	---	108,723,242
	$ ---	$ 129,724,473

LIABILITIES AND FUND BALANCE

	2000	1999
Liabilities		
Accounts payable (Note 1)	$ ---	$ 21,678
Notes payable (Note 1)	---	34,640,033
	---	34,661,711
Fund Balance		
Advances from Consolidated Fund (Note 1) (Authorized $154,000,000)	---	101,024,530
Less: Allowance for Doubtful Recoveries (Note 1)	---	(5,961,768)
Net advances	---	95,062,762
	$ ---	$ 129,724,473

Statement of Continuity of Net Advances
March 31, 2000

	2000	1999
Balance, beginning of the year	$ 95,062,762	$ 98,471,881
Add: Advances for lending, public housing and land development programs	---	18,291,657
Less: Transfer of assets and liabilities to the Housing Development Corporation (Note 1)	95,062,762	---
Recoveries from lending and land development programs	---	20,975,853
Increase in Provision for Doubtful Recoveries	---	715,568
Increase (decrease) in Provision for Concessionary Assistance	---	9,355
	95,062,762	21,700,776
Balance, end of the year	$ ---	$ 95,062,762

HOUSING DEVELOPMENT FUND

Notes to Financial Statements
March 31, 2000

1. Transfer of Housing Development Fund Net Assets

On March 29, 2000, Section 9 of the Housing Development Corporation Act was amended to permit the Corporation to acquire all of the assets and liabilities of the Housing Development Fund. Housing Development Fund assets and liabilities were transferred at book value, effective April 1, 1999, to the Corporation as follows.

Accounts receivable and advances	$	464,596
Mortgages receivable		20,536,635
Investment in land and housing projects		108,723,242
Accounts payable		(21,678)
Notes payable		(34,640,033)
Book value of net assets transferred	$	95,062,762

As of March 31, 2000, the Housing Development fund is inactive.

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 2000, and the statements of continuity of fund for the year then ended. These financial statements are the responsibility of the Nova Scotia Business Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2000 and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 8 of the Industrial Development Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 5, 2000.

INDUSTRIAL EXPANSION FUND

Balance Sheet
March 31, 2000

ASSETS

	2000	1999 (in thousands)
Financial Assets, at cost		
Loans - Industrial Development Act	$ 69,689	$ 83,912
Loans - Venture Corporations Act (Note 3)	2,127	2,188
Royalty rights (Note 4)	15,632	9,991
Shares (Note 5)	10,107	8,940
	97,555	105,031
Less: Provision for concessionary assistance (Note 6)	35,588	54,632
Allowance for doubtful accounts	9,680	4,725
	45,268	59,357
	52,287	45,674
Due from Consolidated Fund		
Guarantees (Note 7)	147,150	143,600
Less: Provision for payments under guarantees	3,349	50
	143,801	143,550
Assistance authorized but unadvanced (Note 8)	13,519	54,302
	157,320	197,852
	$ 209,607	$ 243,526

FUNDING AUTHORIZED AND COMMITTED

	2000	1999
Authorized, net of write-offs		
Industrial Development Act	$ 311,967	$ 332,449
Venture Corporations Act	5,685	5,685
Contributed Surplus (Note 9)	1,138	1,138
	318,790	339,272
Less: Provision for concessionary assistance and possible losses on assistance (Note 10)	48,617	59,407
Net Fund balance	270,173	279,865
Less: Uncommitted balance of Fund	60,566	36,339
	$ 209,607	$ 243,526

Contingency (Note 11)

See accompanying notes to financial statements.

INDUSTRIAL EXPANSION FUND

Statement of Continuity of Fund
Under the Industrial Development Act

March 31, 2000

	2000	1999
		(in thousands)
Balance, beginning of year	$ 332,449	$ 276,827
Add: Additional funds authorized	---	80,000
	332,449	356,827
Deduct: Accounts written off	20,482	24,378
Balance, end of year	$ 311,967	$ 332,449
Comprising:		
Loans, shares, rights and other assets	$ 94,360	$ 101,775
Guarantees in effect and utilized (Note 7)	40,767	15,700
Loans and other investments authorized but unadvanced, and guarantees in effect but not utilized	119,902	182,202
Uncommitted balance	56,938	32,772
	$ 311,967	$ 332,449

Statement of Continuity of Fund
Under the Venture Corporations Act

March 31, 2000

	2000	1999
Balance, beginning of year	$ 5,685	$ 5,685
Deduct: Accounts written off	---	---
Balance, end of year	$ 5,685	$ 5,685
Comprising:		
Loans advanced	$ 2,127	$ 2,188
Uncommitted balance	3,558	3,497
	$ 5,685	$ 5,685

Statement of Continuity of Fund
Under the Terms of the Canada-Nova Scotia
Development Fund Agreement

March 31, 2000

	2000	1999
Balance, beginning of year	$ 1,138	$ 1,984
Deduct: disposal of acquired assets		846
Balance, end of year	$ 1,138	$ 1,138
Comprising:		
Loans advanced	$ 1,068	$ 1,068
Uncommitted balance	70	70
	$ 1,138	$ 1,138

See accompanying notes to financial statements.

INDUSTRIAL EXPANSION FUND

Notes to the Financial Statements
March 31, 2000

1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The Fund is used for the purposes of establishing, assisting, developing or expanding industries in the Province.

The Business Development Corporation Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Development Corporation. A ministerial letter of assignment was issued authorizing the Corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the Corporation for administration from time to time. The Corporation's activities are administered through a division of the Nova Scotia Department of Economic Development.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraph (a), (b) and (c) below. Paragraphs (d), (e) and (f) describe significant accounting policies of the Fund.

Administrative expenses and interest revenue

(a) Administrative expenses of the Fund, and revenues earned on guarantees are included in the accounts of the Department of Economic Development and Tourism and are not reflected in the financial statements. In addition, accrued loan interest is not recognized as a receivable in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in the financial statements.

Statement of cash flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Provision for concessionary assistance

(d) The Fund provides for the effect of the decrease in the valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for doubtful accounts

(e) The Fund provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis.

Royalty rights

(f) Royalty rights are valued at cost. The value of these rights is assessed annually by estimating the net present value of anticipated cash flows. If the carrying value of the right exceeds the net present value of future cash flows, the right is written down to the net present value.

3. Venture Corporation Act

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia.

A company that qualifies as a venture corporation may receive loans under this Act. Loan proceeds must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

During the year $61,500 (1999 - Nil) were received.

	2000	1999
	(in thousands)	
Loans made to venture corporations	$ 2,127	$ 2,188
Less: Allowance for doubtful accounts	1,671	1,566
	$ 456	$ 622

4. Royalty rights

During the year, the Fund provided funds ($5,641,000; 1999 - $4,545,000) to companies under royalty agreements to provide a return on its investment. The royalty payments are based upon net sales of the company.

5. Shares

	2000	1999
	(in thousands)	
Preferred shares	$ 7,384	$ 7,384
Common shares	2,723	1,556
	$ 10,107	$ 8,940

6. Provision for concessionary assistance

Concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Fund.

The terms of concessionary assistance provided by the Fund has included low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance.

The assistance outstanding, provision for concessionary assistance and net book value related to loans and shares are as follows:

	2000			1999
	Assistance Outstanding	Provision for Concessionary Assistance	Net Book Value	Net Book Value
			(in thousands)	
Loans	$ 51,718	$ 32,993	$ 18,725	$ 6,489
Shares	3,884	2,595	1,289	2,964
	$ 55,602	$ 35,588	$ 20,014	$ 9,453

7. Guarantees

Guarantees have been provided for the following purposes:

	2000	1999
	(in thousands)	
Authorized Bank loan guarantees	$ 147,150	$ 143,600
In effect and utilized Bank loan guarantees.	$ 40,767	$ 15,700
In effect but not utilized	106,383	127,900
	$ 147,150	$ 143,600

During the year, no guarantees were paid out.

8. Assistance authorized but unadvanced

	2000	1999
	(in thousands)	
Loans	$ 12,352	$ 51,968
Shares	1,167	2,334
	$ 13,519	$ 54,302

9. Contributed Surplus

Contributed surplus represents the balance of funds provided to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada-Nova Scotia Development Fund Agreement. Loans granted under this agreement require Federal Government approval before they can be written-off or forgiven. The Province has asked for permission to write-off the loans, as of the auditors' report date there has been no response from the Federal Government.

10. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	2000	1999
	(in thousands)	
Balance, beginning of year	$ 59,407	$ 71,904
Add: Current year provision	9,692	14,341
Deduct: Accounts written-off	20,482	24,378
Change in accounting estimate (Note 12)	---	2,460
Balance, end of year	$ 48,617	$ 59,407

11. Contingency

The Fund has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. Estimates of the amount of future costs, if any, under these agreements cannot be made with any certainty and are not reflected in the financial statements.

12. Change in accounting estimate

During the prior year, the Fund changes its methods of calculating the allowance for doubtful accounts. Due to the limited number of authorized accounts, it is appropriate to determine reserves on an item by item basis. Management feels a general reserve over this amount is not required. This change in accounting estimate is being accounted for prospectively.

AUDITOR'S REPORT

To the Minister of Health

I have audited the balance sheet of the Insured Prescription Drug Plan Trust Fund as at March 31, 2000, and the statement of revenues and expenses for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Insured Prescription Drug Plan Trust Fund as at March 31, 2000, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
April 28, 2000

INSURED PRESCRIPTION DRUG PLAN TRUST FUND

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current		
Cash	$ 2,248,043	$ 2,387,074
Receivables		
Seniors	193,644	240,494
Department of Finance	13,969	11,957
Miscellaneous	24,167	17,700
Department of Health (Note 3)	---	7,175,172
Investments (Note 2)	9,287,444	598,842
	$ 11,767,267	$ 10,431,239

LIABILITIES

	2000	1999
Current		
Payables and accruals	$ 3,803,928	$ 3,254,530
Prepaid Premiums	5,927,431	7,176,709
Payable to Department of Health (Note 3)	2,035,908	---
	$ 11,767,267	$ 10,431,239

Statement of Revenues and Expenses
for the year ended March 31, 2000

	2000	1999
Revenues		
Seniors		
Premiums paid by seniors	$ 9,336,912	$ 12,652,324
Premiums paid from the Low Income Credit Fund (Note 4)	---	10,302,127
Co-payments to pharmacies	13,409,703	13,249,576
	22,746,615	36,204,027
Department of Health	78,038,920	49,651,866
Investment income	77,512	1,451,534
	100,863,047	87,307,427
Expenses		
Provider claims	100,863,047	99,303,733
Excess of Expenses over Revenues before additional Provincial Contribution	---	(11,996,306)
Additional contribution from Department of Health (Note 5)	---	11,996,306
Excess of Revenues over Expenses	$ ---	$ ---

INSURED PRESCRIPTION DRUG PLAN TRUST FUND

Notes to Financial Statements
March 31, 2000

1. Authority

Seniors' Pharmacare is a voluntary prescription drug insurance plan established, effective April 1, 1995, by Order-In-Council 95-557 and amended by Order-In-Council 1999-68 on February 26, 1999. Contributions made by seniors and government are placed in the Insured Prescription Drug Plan Trust Fund and are used to pay Seniors' Pharmacare program costs. Principle features of the Pharmacare program are:

- Participation in the pharmacare program is optional. Eligible seniors must be 65 years of age and not already have coverage under other government programs or primary drug coverage through a contract of insurance,

- Eligible seniors are required to pay an annual premium of $215 plus a co-payment fee of 20% of prescription costs to a maximum of $200 per year. Annual premiums are waived for low-income seniors. Changes to senior co-payment fees for the 2000-2001 fiscal year are discussed in Note 6.

- The Department of Health is responsible for funding program costs net of recoveries from seniors and other income.

2. Significant Accounting Policies

Investments
Investments consist of government and corporate bonds, and short-term investments. All investments are carried at cost which approximate market value.

Premium Revenues
Premium revenues are recorded on the accrual basis.

Claim Expenses
Claim expenses are recorded on the accrual basis. Claims, submitted by providers, are subject to audit by the program administrators. Any adjustments to claims as a result of these audits are recorded in the year of settlement.

Administration of Program
Maritime Medical Care Inc. administers Seniors' Pharmacare on behalf of the Department of Health, on a cost recovery basis. Administration costs for the year were paid by the Province of Nova Scotia and are not recorded in these financial statements.

3. Payable to Department of Health

This payable consists primarily of excess funding received during the year which is repayable to the Department of Health at year end as follows:

	2000	1999
Payable (Receivable) to (from) Department of Health, beginning of year	$ (7,175,172)	$ (3,384,303)
Add: Payments from Department of Health	87,250,000	57,857,303
Less: Net program expenses	(78,038,920)	(61,648,172)
Payable (Receivable) to (from) Department of Health, end of year	$ 2,035,908	$ (7,175,172)

4. Low Income Credit Fund

The Insured Prescription Drug Plan Low Income Credit Fund was established pursuant to Order-In-Council 95-558 on July 25, 1995. For the 1998-1999 and prior fiscal years, the province of Nova Scotia provided annual contributions to the Low Income Credit Fund to assist low income seniors with premium and co-payment costs.

In 1999-2000 and subsequent years, pursuant to Order-In-Council 1999-68, premiums for low income seniors have been waived and the Low Income Credit Fund has been eliminated.

5 Additional Contribution from Department of Health

In previous years, contributions from seniors were intended to cover 50% of program expenses. In prior fiscal years, revenues from seniors were insufficient to cover the 50% contribution. An additional contribution of $11,996,306 was made by the Department of Health to fund the shortfall during the 1998-1999 fiscal year.

In 1999-2000, Order-in-Council 1999-68 eliminated the 50% sharing of costs between the Department of Health and seniors. The Department of Health now funds 100% of net program costs.

6. Subsequent Event

Co-Payment Contributions

Effective April 12, 2000, co-payment fees increased to 33% of prescription costs to a maximum of $350 per year. An estimate of the financial impact of these changes is not determinable at this time.

Seniors' Pharmacare Board

Effective April 1, 2000, the Minister of Health announced that the Seniors' Pharmacare Board of Directors will be disbanded. The Seniors' Secretariat, who report to the Minister of Health on behalf of the Pharmacare Program, and associated seniors and councils will act in an advisory capacity as required.

7. Comparative Figures

Prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

AUDITORS' REPORT

To the Board of The Izaak Walton Killam Grace
Health Centre for Children, Women & Families

We have audited the balance sheet of The Izaak Walton Killam Grace Health Centre for Children, Women & Families as at March 31, 2000 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Health Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Health Centre as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Canada
May 25, 2000

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Cash and cash equivalents	$ 11,137,000	$ 2,210,000
Receivables (Note 3)	10,580,000	6,773,000
Receivable from the Health Centre Foundations	640,000	854,000
Inventories	949,000	821,000
Prepaids	481,000	1,304,000
	23,787,000	11,962,000
Property and equipment (Note 4)	102,797,000	102,817,000
Investments, at cost (Note 5)	1,987,000	2,175,000
	$ 128,571,000	$ 116,954,000

LIABILITIES

	2000	1999
Current		
Payables and accruals (Note 6)	$ 14,899,000	$ 15,524,000
Deferred revenue - DOH advance	4,071,000	6,515,000
	18,970,000	22,039,000
Appropriations and reserves (Note 8)	6,819,000	4,287,000
	25,789,000	26,326,000

FUND BALANCES (Page 4)

	2000	1999
Capital Fund	102,797,000	102,817,000
Operating Fund (deficiency)	(15,000)	(13,457,000)
General Fund	---	1,268,000
	102,782,000	90,628,000
	$ 128,571,000	$ 116,954,000

Commitment (Note 13)

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Statement of Operations
Year ended March 31, 2000

	2000	1999
Revenue		
Inpatient, outpatient and clinics	$ 93,536,000	$ 77,970,000
Department of Community Services	2,138,000	2,171,000
Rentals, recoveries and sales	4,876,000	5,995,000
Mental health	5,738,000	5,943,000
Grants from Health Centre Foundations	150,000	1,400,000
	106,438,000	93,479,000
Expenses		
Children's acute and continuing care	16,162,000	15,114,000
Children's acute and emergency care	14,691,000	14,563,000
Maternal and newborn health	22,834,000	20,410,000
Mental health services	7,531,000	7,486,000
Women's health	3,945,000	3,797,000
Maritime health and partnership	460,000	436,000
Professional and academic	13,294,000	12,433,000
Operations and support	25,446,000	26,224,000
Executive offices and administration	842,000	975,000
Non portable	1,248,000	1,388,000
	106,453,000	102,826,000
Net loss from operations	$ (15,000)	$ (9,347,000)

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Statement of Fund Balances
Year ended March 31, 2000

	2000	1999
Capital Fund		
Balance, beginning of year	$ 102,817,000	$ 103,014,000
Funding for capital additions		
Capital grants	1,667,000	1,560,000
Specified donations for equipment	112,000	242,000
DOH Y2K funding	1,208,000	231,000
Transfers from appropriations and reserves	3,602,000	2,707,000
Transfer from operations	---	1,049,000
	6,589,000	5,789,000
Capital debt repayment	(209,000)	(145,000)
Depreciation	(6,400,000)	(5,841,000)
	(6,609,000)	(5,986,000)
Balance, end of year	$ 102,797,000	$ 102,817,000
Operating Fund Deficiency		
Balance, beginning of year	$ (13,457,000)	$ (3,061,000)
Funding from Department of Health	13,457,000	---
Net loss from operations	(15,000)	(9,347,000)
Transfer to capital fund	---	(1,049,000)
Balance, end of year	$ (15,000)	$ (13,457,000)
General Fund		
Balance, beginning of year	$ 1,268,000	$ 1,268,000
Investment income	---	127,000
Transfer to appropriations	(1,268,000)	---
Investment income paid to operations	---	(127,000)
Balance, end of year	$ ---	$ 1,268,000

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE FOR CHILDREN, WOMEN & FAMILIES

Statement of Cash Flows
Year ended March 31, 2000

	2000	1999
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss for the year	$ (15,000)	$ (9,347,000)
(Gain) loss on sale of investments	(19,000)	5,000
	(34,000)	(9,342,000)
Change in non-cash operating working capital (Note 12)	(3,565,000)	8,718,000
	(3,599,000)	(624,000)
Financing		
Accumulated deficit covered by Department of Health	13,457,000	---
Net distribution of General Fund	(1,268,000)	---
Construction grant	---	2,475,000
Capital debt repayment	(209,000)	(145,000)
Capital grants	1,667,000	1,560,000
Demand loan	---	(1,500,000)
Note payable	---	(90,000)
Specified donations for equipment	112,000	242,000
Y2K Capital financing	1,208,000	231,000
Transfers from appropriations and reserves	3,602,000	2,707,000
	18,569,000	5,480,000
Investing		
Proceeds on sale of investments, net of purchases	207,000	121,000
Purchase of property and equipment	(6,380,000)	(5,644,000)
Deposit - Salvation Army	---	339,000
Employee advances (net)	130,000	240,000
Capital pledge receivable	---	90,000
	(6,043,000)	(4,854,000)
Net increase in cash and cash equivalents	8,927,000	2,000
Cash and cash equivalents		
Beginning of year	2,210,000	2,208,000
End of year	$ 11,137,000	$ 2,210,000

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM GRACE HEALTH CENTRE
FOR CHILDREN, WOMEN & FAMILIES

Notes to the Financial Statements
March 31,2000

1. Purpose of Organization

The IWK Grace Health Centre provides quality care for children, women and families in the three Maritime Provinces and beyond. It is a tertiary care health centre dedicated to family-centred care, education, research and health promotion. The IWK Grace Health Centre offers a broad range of health services to women, children, and their families. The IWK Grace Health Centre is committed to helping children and women in the Maritimes be the healthiest in the world.

The IWK Grace Health Centre is a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories are valued at the lower of cost and replacement cost.

Property and equipment

Property and equipment assets are stated at cost. Depreciation is provided on the straight-line basis over the expected useful life of the asset as determined by the Canadian Hospital Accounting Manual:

Buildings and service equipment	2% to 2.5%
Major equipment	
Shareable, various	5% to 20%
Non-shareable, various	5% to 20%

Investments

All investments are recorded at cost except donated investments which are recorded at values assigned at a date of acquisition.

Appropriations and reserves

Appropriations and reserves represent the balance of unexpended funds allocated for approved research, capital equipment and special purposes.

Donations

Specified donations transferred from the Foundations are recorded as direct additions either to appropriations and reserves or funds held in trust, depending on the source or specified purpose thereof.

3. Receivables

	2000	1999
Patients and other accounts receivable, net of allowance for doubtful accounts of $170,000 (1999 - $256,000)...	$ 4,286,000	$ 3,818,000
Nova Scotia Department of Health		
Estimated year end adjustments	6,294,000	480,000
Construction grant	---	2,475,000
	$ 10,580,000	$ 6,773,000

The estimated year end adjustments are comprised of:

Y2K expenditures	$ 689,000
Accumulated deficit 1998/1999............	4,684,000
Urgent capital	681,000
Labour adjustment funding................	240,000
	$ 6,294,000

Of the total receivable from the Nova Scotia Department of Health, $1,852,000 was received in April 2000.

4. Property and equipment

			2000	1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 3,854,000	$ ---	$ 3,854,000	$ 3,854,000
Building and service equipment	104,138,000	20,314,000	83,824,000	83,162,000
Major equipment......	31,389,000	16,445,000	14,944,000	15,615,000
Group home	206,000	31,000	175,000	186,000
	$ 139,587,000	$ 36,790,000	$ 102,797,000	$ 102,817,000

5. Investments, at cost

	2000		1999	
	Book Value	Market Value	Book Value	Market Value
Short term investment	$ ---	$ ---	$ 4,000	$ 4,000
Bonds and debentures	1,547,000	1,467,000	1,766,000	1,741,000
Canadian stocks	391,000	491,000	390,000	327,000
Foreign stocks	49,000	53,000	15,000	22,000
	$ 1,987,000	$ 2,011,000	$ 2,175,000	$ 2,094,000

Short term investments, bonds and debentures have interest rates ranging from 6.0% to 9.85% and maturity dates ranging from December 2000 to December 2006.

6. Payables and accruals

	2000	1999
Trade payables	$ 5,767,000	$ 4,425,000
Accrued salaries and benefits	7,492,000	9,463,000
Funds held on behalf of others	1,431,000	1,286,000
Nova Scotia Department of Health	209,000	350,000
	$ 14,899,000	$ 15,524,000

7. Demand loan

The Health Centre has been approved for a line of credit of $2,000,000. At year end, no amount has been advanced on the line of credit from the Royal Bank (1999 - $Nil). Any outstanding amount is repayable on demand and bears interest at prime plus 3/4%.

8. Appropriations and reserves

The following is a summary of the amounts in appropriations and reserves:

	2000	1999
Capital		
Air quality renovations	$ 245,000	$ 762,000
Equipment	3,678,000	348,000
General renovations	343,000	---
Civic hospital project	258,000	540,000
	4,524,000	1,650,000
Board fellowship	126,000	62,000
Windsor fellowship	63,000	150,000
Neonatal fellowship	129,000	---
Perinatal database/reproductive endocrine	68,000	123,000
Research funds	1,901,000	2,294,000
Memorial funds	8,000	8,000
	$ 6,819,000	$ 4,287,000

The following is a summary of the continuity of appropriations and reserves:

	2000	1999
Balance, beginning of year	$ 4,287,000	$ 3,526,000
Grants from Health Centre Charitable Foundations	4,570,000	3,320,000
Department of Health funding	2,992,000	1,418,000
Donated equipment	112,000	242,000
Research funding	1,989,000	2,725,000
Transfer from other funds		
General	1,268,000	---
Operating	---	1,107,000
Other funding	1,104,000	191,000
	12,035,000	9,003,000
Transfer to capital fund	(6,604,000)	(5,620,000)
Disbursements		
Research	(2,381,000)	(2,331,000)
Other	(518,000)	(291,000)
	(9,503,000)	(8,242,000)
Balance, end of year	$ 6,819,000	$ 4,287,000

9. Capital debt repayment

As part of the assumption of capital debt by the Nova Scotia Department of Health, the Health Centre is required to make an annual capital debt payment based on its "ability to pay" which is calculated at the annual per capita tax grant and 12 1/2% of the room differential as at March 31, 2000. The Health Centre is required to make this annual payment until the year 2002.

10. Retirement allowances

It was not possible to make a reasonable estimate of retirement allowances payable. Accordingly, no amount has been recorded as a payable in these financial statements.

11. Pension plan

The Health Centre participates in a multi-employer plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1997 and indicates a funding surplus. The Health Centre's pension expense for the year amounted to $3,260,000 (1999 - $2,839,000).

12. Supplement cash flow information

	2000	1999
Change in non-cash operating working capital:		
Receivables	$ (3,937,000)	$ 2,797,000
Receivable from Health Centre Foundations	214,000	142,000
Inventories	(128,000)	256,000
Prepaids	823,000	(132,000)
Payables and accruals.	(625,000)	1,516,000
Deferred revenue	(2,444,000)	3,378,000
Appropriations and reserves, net	2,532,000	761,000
	$ (3,565,000)	$ 8,718,000
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	$ 11,137,000	$ 2,210,000

13. Commitment

The Health Centre has entered into a contract to upgrade the mechanical and electrical systems. The total project is budgeted for $4,400,000, of which $3,300,000 was funded from the Department of Health. To date, capital expenditures on this project amount to $4,155,000. The project is expected to be completed by September 2000.

14. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

LAW REFORM COMMISSION OF NOVA SCOTIA

Balance Sheet
as at March 31, 2000

ASSETS

			2000
Current Assets			
Petty Cash		$	25.00
Bank Operating Account	4,612.89		
T-Bill Account	50,186.66		
Total Cash			54,799.55
Prepaid Expenses			1,156.75
HST Receivable			2,872.10
GST Receivable			21.21
Total Current Assets			58,874.61
Fixed Assets			
Computer Office Equipment	11,795.83		
Accum Computer Office Equipment	(11,795.83)		
Net Office Equipment			---
Total Fixed Assets			---
Total Assets		$	58,874.61

LIABILITIES

Current Liabilities			
Accrued Salary		$	513.05
Accrued Vacation Payable			6,514.62
Accounts Payable			41,238.29
UIC Payable	---		
CPP Payable	---		
Income Tax Payable	---		
Receiver General Payable			---
Total Current Liabilities			48,265.96
Total Liabilities		$	48,265.96

EQUITY

Surplus		
Surplus Beginning of Year		31,707.66
Surplus Current Year		(21,099.01)
Accumulated Surplus		10,608.65
Total Equity		10,608.65
Liabilities and Equity	$	58,874.61

LAW REFORM COMMISSION OF NOVA SCOTIA

Income Statement
as at March 31, 2000

		2000
Revenue		
Operating & Project Income		
Dept. of Justice		$ 150,000.00
NS Law Foundation Contribution		40,000.00
Interest Income		2,674.27
Total Contributions		192,674.27
Total Revenue		192,674.27
Expense		
Administrative Expenses		
Wages	159,101.11	
EI	1,478.70	
CPP	1,231.46	
Group Insurance Expense	1,029.20	
Total Personnel Related		162,840.47
Advertising		130.20
Non Legal Consultants Fees		3,158.40
Commissioners Fees & Expenses		7,077.47
Electrical Expense		967.50
Meeting Costs		1,738.28
Library		1,237.42
Accounting Fees		400.00
Membership Fees		400.00
Professional Fees		871.44
Computer Repairs		330.00
Internet		345.00
Staff Expenses		155.02
Temp Staff Expense		1,565.50
Rent	17,682.60	
Office Equipment Rental	3,039.40	
Insurance	507.00	
Total Premises Related		21,229.00
Office Supplies	1,790.42	
Parking	25.00	
Photocopy/Printing	1,932.41	
Postage & Courier	1,021.88	
Telephone Expense	3,687.74	
Travel/Conference/Workshop	2,251.74	
Staff Deve. & Reg. Fees	220.00	
Office Equipment Maintenance	236.45	
Total Office Related		11,165.64
Bank Charges		257.34
HST Paid on Purchases		(103.00)
GST Paid on Purchases		7.60
Total Administration		213,773.28
Total Expense		213,773.28
Net Income		$ (21,099.01)

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of the accounts established under the Members' Retiring Allowances Act for the year ended March 31, 2000. This financial statement is the responsibility of the Department of Finance. My responsibility is to express an opinion on the financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this statement presents fairly, in all material respects, the transactions of the accounts established under the Members' Retiring Allowances Act for the year ended March 31, 2000 in accordance with the provisions of the Members' Retiring Allowances Act as disclosed in the notes to the financial statement.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 30, 2000 (except as to Note 3 which is as of December 8, 2000)

STATEMENT OF THE ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT

for the year ended March 31, 2000

		2000	1999
Balance, beginning of year	$	43,668,800	43,904,000
Add:			
Standard contributions			
Members		294,034	264,187
Government		294,035	264,187
Interest		3,653,957	3,661,259
Additional government contributions (Note 3)		868,529	781,995
		5,110,555	4,971,628
Deduct:			
Allowances (pensions)		2,731,572	2,604,090
Professional services		9,132	8,746
Refunds - contributions		76,672	331,477
- interest		1,766	31,679
Actuarial adjustment (Note 3)		2,238,213	2,230,836
		5,057,355	5,206,828
Balance, end of year	$	43,722,000 $	43,668,800

Note:		2000	1999
	Number of contributors during the year	69	47
	Number of persons receiving allowances during the year	104	98

THE ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT

Notes to Financial Statement
for the year ended March 31, 2000

1. Authority and Description of Plans

Members of the House of Assembly are entitled to receive allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account to which members and government contributions and interest are credited, and payments to pensioners and terminating members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities, allowances and salaries and the Province contributes an equal amount. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities, allowances and salaries for the three highest years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age 55 (increased from age 50 as of November 25, 1993). Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age (increased from age 40 as of November 25, 1993). Retiring allowances are increased annually on January 1 by the lesser of the increase in the consumer price index or 6%.

2. Significant Accounting Policies

In accordance with the provisions of the Members' Retiring Allowances Act this financial statement has been prepared on a modified cash basis of accounting. Contributions to the accounts are recorded when received and allowances and refunds are recorded in the accounts when paid. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually.

For reporting purposes, the contributions and allowances under the Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account are combined.

3. Actuarial Valuation

Actuarial valuations of benefits under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of liabilities as at the valuation date, calculated on the basis of various assumptions with respect to pension plan costs and interest rates. The latest actuarial valuation was conducted by Eckler Partners Ltd. based on information as of December 31, 1999.

The actuarial valuation projects liabilities for each member on the basis of service earned to that date and the projected average indemnities, allowances and salaries at the date of retirement.

The valuation indicated that at December 31, 1999 the accounts had actuarial liabilities of $43,305,700. The liability accounts at the same date had balances totalling $45,387,400 giving rise to an accounting surplus of $2,081,700. The valuation was based on the following key assumptions.

Investment earnings	- pre-retirement rate of 7.5% - post-retirement rate of 4.37% (net of assumed pensioner cost-of-living increases per annum)
Salary escalation	- 3% per annum
Cost of living escalation	- 3%

During the year, the Province made additional contributions of $868,529 (1999 - $781,995). This was based on the December 31, 1999 valuation which indicated that the Province would be required to contribute 42.4% of total payroll (indemnities, allowances and salaries) of contributing members, including the 10% matching portion.

An Eckler Partners Ltd. prepared estimate as at March 31, 2000, calculated the surplus in the accounts at $2,238,213. The accounts were adjusted to reflect this revised estimate of actuarial values.

AUDITORS' REPORT

To the Board of Director of the
Northern Regional Health Board

We have audited the statement of financial position of Northern Regional Health Board as at March 31, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Regional Health Board as at March 31, 2000 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Truro, Nova Scotia
June 16, 2000

NORTHERN REGIONAL HEALTH BOARD

Statement of Financial Position
Year ended March 31, 2000

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	Total 2000	Total 1999
Current					
Cash and cash equivalents.....	$ 5,105,696	$ 2,469,721	$ 367,237	$ 7,942,654	$ 3,487,653
Receivables (Note 3)....	5,983,134	7,383,969	---	13,367,103	4,659,205
Due from (to) other funds..........	2,309,428	(2,309,313)	(115)	---	---
Inventories............	791,083	---	---	791,083	687,552
Prepaids...............	408,000	7,218	---	415,218	1,425,431
	14,597,341	7,551,595	367,122	22,516,058	10,259,841
Capital assets (Note 4)...	---	79,719,936	---	79,719,936	68,855,230
	$ 14,597,341	$ 87,271,531	$ 367,122	$ 102,235,994	$ 79,115,071

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	Total 2000	Total 1999
Current					
Payables and accruals (Note 5)............	$ 10,511,179	$ 6,642,786	$ ---	$ 17,153,965	$ 18,170,501
Deferred revenue........	4,086,162	256,719	---	4,342,881	5,076,674
Current portion of long term debt...........	---	142,087	---	142,087	387,609
	14,597,341	7,041,592	---	21,638,933	23,634,784
Long term debt (Note 6)............	---	542,977	---	542,977	1,322,918
	14,597,341	7,584,569	---	22,181,910	24,957,702

FUND BALANCES (Page 4)

	Operating Fund	Capital Fund	Endowment Fund	Total 2000	Total 1999
Restricted................	---	685,064	242,764	927,828	855,369
Unrestricted..............	---	---	124,358	124,358	(13,243,053)
Capital..................	---	79,001,898	---	79,001,898	66,545,053
	---	79,686,962	367,122	80,054,084	54,157,369
	$ 14,597,341	$ 87,271,531	$ 367,122	$ 102,235,994	$ 79,115,071

Contingency and commitments (notes 10 and 11)

See accompanying notes to the financial statements.

NORTHERN REGIONAL HEALTH BOARD

Statement of Operations
Operating Fund
Year ended March 31, 2000

	2000	1999
Revenues		
Nova Scotia Department of Health	$ 84,811,437	$ 71,338,238
Charges to M.S.I.	4,269,732	4,060,674
Department of Veterans Affairs	2,046,511	1,539,481
In-patients	1,702,723	1,451,297
Out-patients	1,429,874	1,441,785
Long term care	693,428	696,266
Rental income	830,706	653,894
Investment income	85,194	183,075
Foundations	50,700	72,867
Other income	563,819	542,874
	96,484,124	81,980,451
Expenses		
In-patient services	32,985,912	30,790,954
Ambulatory services	17,179,372	14,530,836
Diagnostic and therapeutic services	15,716,189	14,385,993
Support services	22,899,703	20,362,383
Public health services	2,263,004	2,178,269
Drug addiction services	2,776,012	2,496,732
Early departure and retirement incentives	343,531	482,897
Rental expenses	513,973	469,464
Year 2000 remediation	946,130	221,687
Education and library	287,449	272,146
Transfer to restricted surplus	—	468,552
Increase in vacation pay accrual	572,849	635,810
	96,484,124	87,295,723
Excess of revenue over expenses (expenses over revenues)	$ ---	$ (5,315,272)

See accompanying notes to the financial statements.

NORTHERN REGIONAL HEALTH BOARD

Statement of Changes in Fund Balances
Year ended March 31, 2000

	Operating Fund	Capital Fund	Endowment Fund	Total 2000	Total 1999
Restricted					
Balance, beginning of year	$ 661,700	$ ---	$ 193,669	$ 855,369	$ 359,450
Transfer to unrestricted	(661,700)	---	---	(661,700)	---
Excess of revenues over expenses	---	---	14,857	14,857	8,491
Transfer from unstricted (Note 9)	---	685,064	---	685,064	---
Interfund transfer - capital asset funding	---	---	---	---	(90,081)
Interfund transfer - Endowments	---	---	---	---	46,425
Prior year program residuals	---	---	---	---	26,290
Contributions	---	---	34,238	34,238	36,242
Transfer from operations (Page 3)	---	---	---	---	468,552
Balance, end of year	$ ---	$ 685,064	$ 242,764	$ 927,828	$ 855,369
Unrestricted					
Balance, beginning of year	$ (13,678,326)	$ 66,545,053	$ 435,273	$ 53,302,000	$ 60,313,792
Transfer from restricted	661,700	---	---	661,700	---
Department of Health (Note 9)	13,016,626	6,094,407	---	19,111,033	---
Excess (deficiency) of revenues over expenses	---	28,561	34,358	62,919	(5,289,341)
Capital asset funding					
Department of Health	---	9,236,152	---	9,236,152	991,829
Foundations	---	2,430,825	---	2,430,825	1,477,443
Auxiliaries	---	96,448	---	96,448	150,276
Other	---	38,130	---	38,130	84,805
Transfer to restricted (Note 9)	---	(685,064)	---	(685,064)	---
Interfund transfer - Endowments	---	---	---	---	(46,425)
Interfund transfer - capital asset funding	---	435,273	(435,273)	---	90,081
Capital debt charges funding	---	---	---	---	305,729
Capital debt assistance preferred accommodations	---	5,124	---	5,124	86,451
Contributions	---	---	90,000	90,000	---
Amortization	---	(5,090,474)	---	(5,090,474)	(4,676,694)
Capital debt charges	---	(132,537)	---	(132,537)	(185,946)
Balance, end of year	$ ---	$ 79,001,898	$ 124,358	$ 79,126,256	$ 53,302,000

See accompanying notes to the financial statements

NORTHERN REGIONAL HEALTH BOARD

Statements of Cash Flows
Year ended March 31, 2000

	2000	1999
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of expenses over revenues		
Operating Fund	$ ---	$ (5,315,272)
Department of Health (Note 9)	13,016,626	---
Transfer to surpluses	---	468,552
Prior year program residuals	---	26,290
Contributions - Endowment Fund	124,358	36,242
Excess of revenues over expenses - Capital Fund	28,561	---
Excess of revenues over expenses - Endowment Fund	49,095	34,422
	13,218,640	(4,749,766)
Change in non-cash working capital		
Receivables	(8,707,898)	(1,373,695)
Inventories	(103,531)	4,766
Prepaid expenses	1,010,213	(106,162)
Payables and accruals	(1,016,536)	5,747,865
Deferred revenue	(733,793)	850,886
	3,667,095	373,894
Financing and investing		
Department of Health (Note 9)	6,094,407	---
Capital asset funding	11,801,555	2,704,353
Capital debt assistance from preferred accommodations	5,124	86,451
Capital debt charges funding	---	305,729
Capital debt charges	(132,537)	(185,946)
Interfund transfer - capital asset funding	435,273	90,081
Long term debt proceeds	---	617,815
Purchase of capital assets	(15,955,180)	(3,474,181)
Repayment of long term debt	(1,025,463)	(208,996)
	1,223,179	(64,694)
Decrease in restricted funds	(435,273)	(90,081)
	787,906	(154,775)
Net increase in cash and cash equivalents	4,455,001	219,119
Cash and cash equivalents, beginning of year	3,487,653	3,268,534
Cash and cash equivalents, end of year	$ 7,942,654	$ 3,487,653

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2000

1. Nature of operations

The Northern Regional Health Board was formed by an Act of the Province of Nova Scotia, as assented to by the Lieutenant Governor, on June 30, 1994. On October 1, 1996, the Board acquired the assets and assumed the liabilities of nine individual acute care facilities and community health centres.

The Northern Regional Health Board's mission is to improve the health of our communities through the effecient and effective use of resources and a commitment to consult with stakeholders.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Fund accounting

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the Northern Regional Health Board's capital assets. Endowment contributions are reported in the Endowment Fund.

Revenue recognition

The Northern Regional Health Board follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in Endowment Fund net assets.

Capital contributions are treated as additions to investment in capital assets in the year in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Capital assets

Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Investments

Investments are recorded at the lower of cost or market value.

Inventories

Inventories are recorded at the lower of cost or replacement value.

Compensation accruals

The Northern Regional Health Board follows the policy of recording the vacation pay liability. Retirement allowances, accumulated overtime and call back are not accrued in the financial statements and are expensed in the year in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

3. Receivables

	Operating Fund	Capital Fund	Total 2000	Total 1999
Charges to M.S.I.	$ 227,309	$ ---	$ 227,309	$ 289,030
Foundations and Auxiliaries	58,845	1,655,607	1,714,452	1,996,039
Department of Veteran Affairs- final settlement	213,215	---	213,215	---
Harmonized Sales Tax	429,922	507,399	937,321	875,272
Patients.	716,291	---	716,291	718,333
Other	387,169	54,286	441,455	657,261
	2,032,751	2,217,292	4,250,043	4,535,935
Nova Scotia Department of Health				
Construction and equipment.	---	5,166,677	5,166,677	123,270
Final settlement.	275,215	---	275,215	---
Other.	70,799	---	70,799	---
Vacation pay.	3,604,369	---	3,604,369	---
	3,950,383	5,166,677	9,117,060	123,270
	$ 5,983,134	$ 7,383,969	$ 13,367,103	$ 4,659,205

The resolution of final settlement estimates are dependent upon approval of the Department of Veterans Affairs. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

4. Capital assets

			2000	1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 223,672	$ ---	$ 223,672	$ 223,672
Land improvements	939,714	276,950	662,764	502,570
Buildings.	82,996,301	20,377,393	62,618,908	59,086,774
Equipment	30,444,720	19,823,248	10,621,472	6,766,522
Equipment under capital lease.	1,615,286	789,529	825,757	1,014,860
Construction in progress . . .	4,767,363	---	4,767,363	1,260,832
	$ 120,987,056	$ 41,267,120	$ 79,719,936	$ 68,855,230

5. Payables and accruals

	Operating Fund	Capital Fund	Total 2000	Total 1999
Trade	$ 6,317,109	$ 4,413,901	$ 10,731,010	$ 8,132,325
Vacation pay	4,177,219	---	4,177,219	3,604,369
Foundation	---	2,218,923	2,218,923	---
Department of Veteran Affairs final settlement	---	---	---	35,956
	10,494,328	6,632,824	17,127,152	11,772,650
Nova Scotia Department of Health				
Advance	---	---	---	3,083,518
Current business plan repayment	---	---	---	620,000
Final settlement - prior years	---	---	---	2,611,348
Retirement incentives	---	---	---	(423,093)
Capital debt assistance	---	---	---	86,451
Construction	---	9,962	9,962	419,627
Other	16,851	---	16,851	---
	16,851	9,962	26,813	6,397,851
	$ 10,511,179	$ 6,642,786	$ 17,153,965	$ 18,170,501

6. Long term debt

Obligations under capital leases

Banker's Acceptance Capital Corporation maturing in 2006; TeleHealth Services maturing in 2001; and Toshiba of Canada Limited maturing in 2005. The capital leases are secured by specific equipment.

Future minimum lease payments are as follows:	2000	1999
2000	$ ---	$ 278,997
2001	195,432	275,225
2002	170,173	198,289
2003	120,114	129,780
2004	120,114	120,114
2005	95,705	95,705
Subsequently	173,287	174,185
	874,825	1,272,295
Less: amount representing interest on capital leases at varying rates of 7.2% to 10%	189,761	274,717
	685,064	997,578
CIBC capital financing repaid during the year	---	712,949
	685,064	1,710,527
Less: current portion	142,087	387,609
	$ 542,977	$ 1,322,918

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to Aberdeen Hospital Commission before designation. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, the greater of net book value at the time of designation ($408,354) or fair market value is to be repaid to the foundation on an item by item basis.

7. **Pension Plan**

The Northern Regional Health Board participates in a multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1999 and showed a surplus of $130 million. The Northern Regional Health Board's pension expense for the year amounted to $2,489,653 (1999 - $2,172,901).

8. **Credit Facilities**

On December 10, 1999, the board entered into a consolidated financing arrangement with a financial institution which provided an available operating line of credit totalling $4,000,000 and term borrowing arrangement of $3,000,000. As of March 31, 2000 there was no borrowing outstanding against the credit facilities.

9. **Department of Health**

During the year, the Nova Scotia Department of Health agreed to fund the accumulated deficit and capital debt of the Northern Health Board as of March 31, 1999. The amount consisted of $13,016,626 related to the deficit and $6,094,407 for capital debt.

As part of the funding for capital debt, a reserve of $685,064 was established for the existing capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 6.

10. **Contingency**

There is an outstanding claim against the Northern Regional Health Board for breach of contract and negligence. The amount of the loss resulting from the claim, if any, is not determinable as at March 31, 2000.

11. **Commitments**

a) The Northern Regional Health Board is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2001	$	207,769
2002	$	171,789
2003	$	144,972
2004	$	30,765
2005	$	5,128

b) The Northern Regional Health Board has entered into agreements to spend $2,616,485 on additions to property and equipment.

12. **Subsequent event**

On June 8, 2000, Royal Assent was proclaimed for the Health Authorities Act. The Act establishes three District Health Authorities in the northern region to replace the Northern Regional Health Board. All assets and liabilities of the Northern Regional Health Board will be transferred to the respective District Health Authorities on October 1, 2000.

13. **Comparative figures**

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

AUDITORS' REPORT

To the Minister of Justice
responsible for the
Nova Scotia Alcohol & Gaming Authority

We have audited the balance sheet of the Nova Scotia Alcohol & Gaming Authority as at March 31, 2000 and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2000, and the results of its operations for the year then ended in accordance with generally accepted accounting principles and as disclosed in Note 2.

GRANT THORNTON
Chartered Accountants

Dartmouth, Nova Scotia
June 9, 2000

NOVA SCOTIA ALCOHOL & GAMING AUTHORITY

Balance Sheet
March 31,2000

	2000	1999
ASSETS		
Current		
Cash	$ 600	$ 76,327
Receivables (Note 3)	1,355,001	1,344,759
	$ 1,355,601	$ 1,421,086
LIABILITIES		
Current		
Payables and accruals	$ 619,399	$ 47,490
Deferred revenue	7,320	7,700
Current portion of lease obligation	206,822	187,534
	833,541	242,724
Lease obligation (Note 4)	72,001	301,816
	905,542	544,540
EQUITY		
Due to Minister of Finance		
Balance, beginning of year	876,546	951,972
Net revenue	5,067,816	3,730,743
Remittances	(5,494,303)	(3,806,169)
Balance, end of year	450,059	876,546
	$ 1,355,601	$ 1,421,086

Statement of Revenue and Expenditures
Year Ended March 31, 2000

	2000	1999
Revenue		
Liquor license fees	$ 7,341,315	$ 7,163,700
Lottery licenses and fees	1,910,981	1,622,647
Casino fees	482,156	264,644
Amusement licenses	120,970	121,950
Amusement tax	10,296	21,954
Pari-mutuel tax	1,374,467	1,190,495
Film screening and distribution fees	364,031	331,612
	11,604,216	10,717,002
Administrative expenditures (Page 218)	6,536,400	6,986,259
Net revenue	$ 5,067,816	$ 3,730,743

See accompanying notes to the financial statements.

NOVA SCOTIA ALCOHOL & GAMING AUTHORITY

Notes to the Financial Statements
March 31, 2000

1. Nature of operations

The Nova Scotia Alcohol & Gaming Authority is the regulatory body responsible for the administration and enforcement of the Gaming Control Act, the Theatres and Amusement Act and the Liquor Control Act. Revenues are derived from the sale and renewal of licenses and registration fees and collection of taxes.

2. Significant accounting policies

Revenue

License sales and renewals are recorded as revenue in the period received.

Amusement prize taxes are recorded as revenue based on reports prepared and submitted by the licensee.

Tangible Capital Assets

Effective April 1, 1999, the Province of Nova Scotia implemented a tangilbe capital asset policy. The policy required the Province, all departments and all public sector votes to record and amortize tangible capital assets on its financial statements.

The policy defines the specific classes of tangible capital assets to be recognized and the individual asset cost thresholds to be considered.

The classes of tangible capital assets relevant to the operations of the Authority are as follows:

	Amortization Method and Rate		Cost Capitalization Threashold
Computer hardware	30%,declining balance	$	25,000
Computer software	50%,declining balance	$	250,000

The policy is to be implemented on a retroactive basis where the necessary asset information is reasonably determinable. Management of the Authority determined that all expenditures of a capital nature prior to the current year would not significantly exceed the thresholds for capitalization detailed in the policy, and that the cost information in most cases would not be reasonably determinable. Therefore, no retroactive adjustment has been made to record or amortize tangible capital assets.

3. Receivables

		2000		1999
Amusement tax	$	482,076	$	153,256
Film screening fees		88,146		71,555
Gaming fees		221,082		92,953
Liquor license fees		217,587		130,440
Other		162,208		58,977
Pari-mutuel tax		1,506,986		2,120,087
		2,678,085		2,627,268
Less: Allowance for doubtful accounts		1,323,084		1,282,509
	$	1,355,001	$	1,344,759

4. Lease obligation

		2000		1999
Newcourt Fnancial Limited, thirty-six monthly blended payments of $18,799 to July, 2001, effective annual rate of interest of 9.83%.	$	278,823	$	489,350
Less: current portion		206,822		187,534
	$	72,001	$	301,816

Minimum principal payments required in each of the next three years are as follows:

2001	$	206,822
2002	$	72,001

5. Related party transactions

The Authority purchases certain services from other departments of the Province of Nova Scotia on a fee for service basis, including but not limited to:

- leasholds and related maintenance;
- human resource management;
- payroll processing, including pensions and benefits administration;
- accounting technology systems and processing;
- communication technology systems and network access.

6. Subsequent event

On June 9, 2000, the legislature of the Province of nova Scotia enacted the Financial Measures (2000) Act. This Act revokes the appointment of the Chair, Vice-Chair, and all other members of the Board of the Authority, effective April 12, 2000. the adjudicative responsibilities of the Authority will be assumed by the Utility and Review Board and other departments of the Province of Nova Scotia.

7. Uncertainty due to the Year 2000 issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occured, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

NOVA SCOTIA ALCOHOL & GAMING AUTHORITY

Schedule of Administrative Expenditures
year ended March 31 ,2000

	2000	1999
Advertising and promotion	$ 47,862	$ 31,776
Bad debts	40,575	173,737
Computer processing	63,883	67,977
Equipment	42,805	654,406
Equipment leasing	20,273	21,352
Freight and duty	7,113	6,626
Interest on lease obligation	37,695	21,554
Meetings	14,451	6,188
Office	30,522	28,954
Other	14,343	24,199
Postage	27,424	36,111
Printing and stationery	84,496	94,700
Professional fees	435,125	509,572
Relocation	---	(3,232)
Rent	280,469	273,788
Repairs and maintenance	880	1,438
Security services	1,003,000	805,200
Telephone	121,119	158,067
Travel	431,604	425,163
Training and development	16,009	23,766
Wages and benefits	3,816,752	3,624,917
	$ 6,536,400	$ 6,986,259

AUDITORS' REPORT

To the Directors of the
Nova Scotia Arts Council

We have audited the statement of financial position of the Nova Scotia Arts Council as at March 31, 2000, and the statement of operations, statement of changes in equity and statement of cash flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsiblity is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2000 and the results of its operations and cash flow for the year then ended, in accordance with generally accepted accounting principles.

HORNBY TINKHAM MARSHALL
Chartered Accountants

May 15, 2000
Dartmouth, Nova Scotia

NOVA SCOTIA ARTS COUNCIL

Statement of Financial Position
as at March 31, 2000

	2000	1999
ASSETS		
Cash	$ 137,306	$ 140,856
Investments (Note 3)	1,142,025	948,424
Accounts receivable	28,284	51,194
Capital assets (Note 4)	31,678	39,969
	$ 1,339,293	$ 1,180,443
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	$ 393,494	$ 267,135
Deferred contributions (Note 6)	194,357	183,231
	587,851	450,366
EQUITY		
Unrestricted for operations	22,852	14,561
Invested in capital assets	31,678	39,969
Restricted for endowment purposes	696,912	675,547
	751,442	730,077
	$ 1,339,293	$ 1,180,443

NOVA SCOTIA ARTS COUNCIL

Statement of Changes in Equity
Year ended March 31, 2000

	Invested in Capital Assets	Restricted For Endowment Purposes	Unrestricted For Operations	Total 2000	Total 1999
Balance, beginning of the year	$ 39,969	$ 675,547	$ 14,561	$ 730,077	$ 688,302
Excess (deficiency) of revenues over expenses	(10,531)	---	10,531	---	---
Endowment contributions (Notes 10 and 12)	---	21,365	---	21,365	41,775
Investment in capital assets	2,240	---	(2,240)	---	---
Balance, end of year	$ 31,678	$ 696,912	$ 22,852	$ 751,442	$ 730,077

NOVA SCOTIA ARTS COUNCIL

Statement of Operations
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Revenue			
Grants (Note 7)	$ 1,552,650	$ 1,477,300	$ 1,498,105
New Media Awards (Note 8)	27,000	10,000	17,000
McConnell Foundation (Note 9)	85,000	81,159	70,152
Other (Schedule 1)	25,562	33,990	21,366
	1,690,212	1,602,449	1,606,623
Expenses			
Grants			
Grant programs for individuals (Schedule 2)	446,000	445,550	448,447
Portia White award	25,000	25,000	25,000
ArtsSmarts - Arts inFusion program	90,000	65,590	63,713
Artists in the community	25,000	---	---
New Media Awards	25,000	10,000	15,000
Sector Strategy Contribution	---	---	3,000
Fhase	1,000	---	---
Consultant study	8,109	7,246	---
	620,109	553,386	555,160
Grant programs for organizations (Schedule 3)	615,000	614,520	615,000
Total grants	1,235,109	1,167,906	1,170,160
Program delivery			
Salaries - program officers	102,107	101,076	102,668
Employee benefits	14,300	14,650	14,972
Travel - officers (individuals)	5,000	3,586	3,045
Travel - officers (organizations)	6,000	3,181	4,217
Travel - officers (arts/education)	1,000	---	1,800
ArtsSmarts - Arts inFusion - startup	---	---	19,673
ArtsSmarts - Arts inFusion - administration	17,435	15,569	1,765
Assessments - juries (Schedule 4)	38,290	33,258	34,400
MTT Peer assessment	---	104	165
Total program delivery	184,132	171,424	182,705
Administrative (Schedule 5)	270,971	263,119	253,758
Total expenses	1,690,212	1,602,449	1,606,623
Excess of revenue over expenses	$ ---	$ ---	$ ---

NOVA SCOTIA ARTS COUNCIL

Statement of Cash Flow
Year ended March 31, 2000

	2000	1999
Net inflow (outflow) of cash related to the following activities:		
Operating		
Item not affecting cash		
Amortization	$ 10,531	$ 17,760
Changes in non-cash operating working capital items (Note 11)	160,395	50,556
	170,926	68,316
Financing		
Endowment contributions (Note 12)	21,365	41,775
Investing		
Acquisition of capital assets	(2,240)	(3,197)
Increase in investments	(193,601)	43,085
	(195,841)	39,888
Increase (decrease) in cash	(3,550)	149,979
Cash position, beginning of year	140,856	(9,123)
Cash position, end of year	$ 137,306	$ 140,856

NOVA SCOTIA ARTS COUNCIL

Notes to the Financial Statements
March 31,2000

1. PURPOSE OF THE ORGANIZATION

An Act to Establish the Nova Scotia Arts Council was approved on January 11, 1996 by the 56th General Assembly of the Legislature of the Province of Nova Scotia. The purpose of the Organization is to:

- Make the arts integral to the lives of Nova Scotians;
- Foster artistic excellence throughout the Province;
- Encourage creative expression by funding activity in the arts;
- Utilize peer assessment in the determination of artistic merit and the allocation of funding;
- Educate the public regarding the cultural, social and economic importance of the arts;
- Strive for regional, cultural and developmental equity in the distribution of funding; and
- Carry out research on matters related to the Arts.

The Organization is also responsible for establishing and maintaining the Nova Scotia Arts Endowment Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Revenue recognition

The Nova Scotia Arts Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in equity.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight-line basis over a period of five years.

Investments

Investments are recorded at the lower of cost and market value.

3. INVESTMENTS

	Market value	2000	1999
Unrestricted for operations	$ 447,965	$ 447,965	$ 274,839
Restricted for endowment purposes	816,974	694,060	673,585
	$ 1,264,939	$ 1,142,025	$ 948,424

4 CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2000	Net 1999
Office furniture	$ 34,594	$ 17,745	$ 16,849	$ 21,061
Computer equipment.	38,121	23,392	14,729	18,565
Computer software....	886	786	100	343
	$ 73,601	$ 41,923	$ 31,678	$ 39,969

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2000	1999
Trade payables and accrued liabilities..................	$ 58,699	$ 28,151
Grants payable	334,795	238,984
	$ 393,494	$ 267,135

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. This deferred revenue will be expensed as indicated in next year's budget:

	2000	1999
Grant programs (Note 7)	$ ---	$ 25,000
Operations (Note 7)	66,257	29,472
	66,257	54,472
New Media Awards (Note 8).........................	---	10,000
McConnell Foundation Arts Smarts Program (Note 9)	128,100	118,759
	$ 194,357	$ 183,231

7. GRANT REVENUE

	2000	1999
Grants received from Province of Nova Scotia...........	$ 1,476,000	$ 1,500,000
Deferred grant revenue from prior year.................	54,472	52,577
Adjustment to McConnell deferral	13,085	---
	1,543,557	1,552,577
Less contributions deferred until next year:		
Grant programs	---	(25,000)
Operations	(66,257)	(29,472)
	(66,257)	(54,472)
Amount recognized as revenue in the year	$ 1,477,300	$ 1,498,105

8. NEW MEDIA AWARDS

	2000	1999
Program grants received from MT T	$ ---	$ 27,000
Deferred grant revenue from prior year.................	10,000	---
	10,000	27,000
Less contributions deferred until next year	---	(10,000)
Amount recognized as revenue in the year	$ 10,000	$ 17,000

9. McCONNELL FOUNDATION

	2000	1999
Program grants received from McConnell Foundation	$ 90,500	$ 85,000
Deferred grant revenue from prior year	118,759	103,911
	209,259	188,911
Less contributions deferred until next year	(128,100)	(118,759)
Amount recognized as revenue in the year	$ 81,159	$ 70,152

10. ENDOWMENT FUND

The endowment fund was established in March 1997 with a grant from the Province of Nova Scotia. The Governor in Council has established the Regulations for this fund under the Regulations Act. The Council shall only make withdrawals of capital from the Endowment Fund for the purpose of investing the money and in accordance with the instructions of the investment managers. The fund advisors shall recommend annually to the Council the amount of income of the Endowment Fund, including, without limitation, interest, dividends, and realized capital gains, to be distributed to the Council for expenditures either as set out in the Endowment Fund budget prepared by the Council or with approval of the Minister. The value of the capital of the Endowment Fund after inflation should not diminish over time. Until such time as the endowed funds reach $1 million, all earnings of the fund will be retained to grow the Endowment Fund.

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2000	1999
Accounts receivable	$ 22,910	$ (26,845)
Accounts payable and accrued liabilities	126,359	50,657
Deferred contributions	11,126	26,744
	$ 160,395	$ 50,556

12. ENDOWMENT CONTRIBUTIONS

	2000	1999
Donations	$ 875	$ 23,870
Investment income	31,807	25,081
Bank and investment management charges	(11,317)	(7,176)
	$ 21,365	$ 41,775

The market value of the Endowment investments at March 31, 2000 was $816,974 (March 31, 1999 - $680,188).

Schedule 1

NOVA SCOTIA ARTS COUNCIL

Other Revenue
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Interest	$ 19,000	$ 27,390	$ 19,866
Other	6,562	6,600	1,500
	$ 25,562	$ 33,990	$ 21,366

Schedule 2

Grant Programs for Indivduals
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Professional development	$ 43,000	$ 42,950	$ 41,467
Travel	20,000	20,000	19,490
Presentation	60,000	59,600	60,560
Creation	300,000	300,000	299,950
Research	23,000	23,000	26,980
	$ 446,000	$ 445,550	$ 448,447

Schedule 3

Grant Programs for Organizations
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Production	$ 220,000	$ 220,000	$ 220,000
Touring	52,000	52,000	52,000
Commissioning	28,000	28,000	28,000
Operating grants	285,000	285,000	285,000
Professional development	30,000	29,520	30,000
	$ 615,000	$ 614,520	$ 615,000

Schedule 4

NOVA SCOTIA ARTS COUNCIL

Assessments - Juries
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Assessment - juries (individual)			
Per diems	$ 3,008	$ 2,611	$ 2,478
Travel	3,200	2,107	2,049
Accommodation	5,952	5,268	5,296
Honorarium	10,880	10,452	10,088
Meetings	1,466	977	1,323
	24,506	21,415	21,234
Assessment - juries (organizations)			
Per diems	1,692	1,340	1,724
Travel	1,800	1,594	2,136
Accommodation	3,348	2,345	3,374
Honorarium	6,120	5,720	5,668
Meetings	824	844	264
	13,784	11,843	13,166
Total assessments - juries	$ 38,290	$ 33,258	$ 34,400

Schedule 5

Administrative Expenses
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Salaries	$ 102,000	$ 103,552	$ 91,805
Employee benefits	14,280	17,206	9,452
Travel - Executive Director	8,300	7,504	8,288
Board honoraria	8,000	7,240	7,190
Board travel	8,000	6,737	6,115
Board meetings	4,600	5,650	4,347
Office rent	22,500	19,039	22,236
Supplies and services (Schedule 6)	72,000	63,673	59,427
Professional fees	15,000	14,443	16,098
Amortizaiton	3,500	10,531	17,760
Public relations	3,500	4,755	2,802
Miscellaneous	9,291	2,789	8,238
Total administrative	$ 270,971	$ 263,119	$ 253,758

NOVA SCOTIA ARTS COUNCIL

Supplies and Services
Year ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Professional development	$ 1,300	$ 701	$ 391
Conference	1,800	614	1,795
Courier	1,500	1,428	1,404
Postage	4,500	4,080	4,687
Telephone	9,000	6,038	8,533
Stationary and supplies	12,700	9,721	12,663
Membership dues	200	185	135
Bank charges	900	1,254	860
Insurance	2,000	1,844	803
Equipment rental	2,300	1,686	2,330
Advertising and promotion	500	---	---
Job search costs	1,800	955	1,769
Annual report	9,700	10,064	9,927
Newsletter/web site	12,400	10,919	3,210
Printing costs	11,000	14,184	10,520
Public relations	400	---	400
	$ 72,000	$ 63,673	$ 59,427

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Economic Development

I have audited the balance sheet of the Nova Scotia Business Development Corporation as at March 31, 2000, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 15 of the Business Development Corporation Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 5, 2000

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Balance Sheet
March 31, 2000

ASSETS

	2000	1999
	(in thousands)	
Loans and Shares, at cost		
Loans receivable	$ 152,312	$ 145,765
Venture investments	7,030	7,034
Community Business Loan Program	3,920	4,008
Shares (Note 3)	16,461	17,272
	179,723	174,079
Less: Provision for concessionary assistance (Note 4)	18,303	24,402
Allowance for doubtful accounts	25,333	20,271
	43,636	44,673
	136,087	129,406
Industrial parks (Note 5)	23,973	24,408
Other assets	298	1,769
Less: Provision for decline in value	89	263
	209	1,506
Due from consolidated fund		
Guarantees (Note 6)	10,875	12,213
Less: Provision for payment under guarantees	3,434	2,461
	7,441	9,752
Assistance authorized but unadvanced	27,431	42,848
	34,872	52,600
	$ 195,141	$ 207,920

FUNDING AUTHORIZED AND COMMITTED

	2000	1999
Authorized, net of write-offs	$ 285,768	$ 294,595
Less: Provision for concessionary assistance and possible losses on assistance (Note 7)	47,159	47,397
Net fund balance	238,609	247,198
Less: Uncommitted balance of fund	43,468	39,278
	$ 195,141	$ 207,920

Contingency (Note 8)

See accompanying notes to the financial statements

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Statement of Continuity of Fund
March 31, 2000

	2000	1999
	(in thousands)	
Balance, beginning of year	$ 294,595	$ 303,802
Deduct: Accounts written off	8,827	9,207
Balance, end of year	$ 285,768	$ 294,595
Comprising:		
Loans receivable, shares and other assets	$ 180,021	$ 175,848
Industrial parks	23,973	24,408
Guarantees in effect and utilized	9,871	10,870
Loans and other investments authorized, but unadvanced and guarantees in effect but not utilized	28,435	44,191
Uncommitted balance	43,468	39,278
	$ 285,768	$ 294,595

See accompanying notes to the financial statements

NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Notes to the Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Business Development Corporation was established pursuant to the Business Development Corporation Act. The Act provided for the creation of the Nova Scotia Business Development Corporation Fund. The object of the Corporation is to encourage business development in the Province by providing financial assistance to business through the Fund, or such other assistance as may be determined by the Governor-in-Council. The Corporation's activities are administered through a division of the Department of Economic Development.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b), (c), (f) and (g) below.

Administrative Expenses and Interest Revenue

(a) Administrative expenses of the Corporation and revenues earned on guarantees are included in the accounts of the Department of Economic Development and are not reflected in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in these financial statements.

Statement of Cash Flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current Assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Venture Investments

(d) Venture investments represent financial assistance (in the form of loans) to companies in emerging technology sectors and are primarily secured by interests in intellectual property and other assets.

Venture investments are initially recorded at cost. These investments continue to be carried at cost unless there exists persuasive evidence of a decrease in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Industrial Parks

(e) Industrial parks are carried at cost of acquisition plus direct costs of improvements, net of proceeds of disposal. Selling prices are established using estimated market value. The park lands are reflected on an aggregate basis at the lower of cost or estimated market value.

(f) The buildings in the parks are carried at book value. No depreciation is charged on the buildings.

(g) Operational responsibility for the industrial parks has been assigned to the Department of Transportation and Public Works. Revenues and expenses associated with the operation of the industrial parks are accounted for by the Department of Transportation and Public Works and are not reflected in these financial statements.

Other Assets

(h) Properties acquired through foreclosure are carried at the cost of acquisition and are subject to a provision for write down annually to estimated realizable value.

Provision for Concessionary Assistance

(i) The Corporation provides for the effect of the decrease in valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for Doubtful Accounts

(j) The Corporation provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis except for loans under the Community Business Loan Program for which a blanket provision is determined based on prior years' loan performance. In addition, a general reserve is provided on any unreserved assistance outstanding.

3. Shares

	2000	1999
	(in thousands)	
Preferred shares	$ 13,403	$ 13,372
Common shares and equity interests	3,058	3,900
	$ 16,461	$ 17,272

4. Provision for concessionary assistance

Concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Corporation.

The terms of concessionary assistance through the Corporation include low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance. The assistance outstanding, provision for concessionary assistance and net book value related to each of loans and shares is as follows:

	2000			1999
	Assistance Outstanding	Provision for Concessionary Assistance	Net Book Value	Net Book Value
		(in thousands)		
Loans	$ 16,615	$ 11,360	$ 5,255	$ 7,895
Shares	12,456	6,943	5,513	5,219
	$ 29,071	$ 18,303	$ 10,768	$ 13,114

5. Industrial parks

These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park-by-park basis the difference between the carrying cost and fair market value. As at March 31, 2000 the cost of parks in excess of management's determination of market value totalled $6,792,943 (market value - $3,113,000). The cost of parks where market value exceeded cost was $10,625,996 (market value - $17,933,000). This results in an estimated net excess of current market value over carrying costs of approximately $3,627,000.

The balance of the cost of industrial parks of $6,554,277 is represented by the book value of the incubator malls, other buildings and property at March 31, 2000.

6. Guarantees

	2000	1999
	(in thousands)	
Guarantees - In effect and utilized	$ 9,871	$ 10,870
Guarantees - In effect but not utilized	1,004	1,343
	$ 10,875	$ 12,213

During the year no guarantees were paid out.

7. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	2000	1999
	(in thousands)	
Balance, beginning of year	$ 47,397	$ 54,755
Add: Current year provision	8,589	1,849
Deduct: Accounts written-off	8,827	9,207
Balance, end of year	$ 47,159	$ 47,397

8. *Contingencies*

(a) Environmental remediation

The Corporation has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. An estimate of the amount of future costs under these agreements cannot be reasonably determined and is not reflected in the financial statements.

(b) Litigation

The Corporation is defending two legal actions relating to:

i) a dispute in regard to an agreement of purchase and sale. The amount claimed is $600,000.

ii) the termination of a contract. No specific amount has been claimed.

In both cases counsel is unable to form an opinion at this early date in regard to the merit of these claims and consequently no provision for any possible losses has been recorded in these financial statements.

AUDITORS' REPORT

To the Board of Governors of the
Nova Scotia Community College

We have audited the balance sheet of the Nova Scotia Community College as at March 31, 2000 and the statements of financial position, revenue and expenditures, cash flows and statement of changes in net assets for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2000 and the results of its operations and the cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Chartered Accountants

June 16, 2000

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Financial Position
as at March 31, 2000

ASSETS

	2000	1999
Current assets		
Cash	$ 6,921,379	12,887,538
Accounts receivable (Note 3)	7,931,334	8,870,769
Inventory	608,344	465,336
Prepaids	238,628	160,468
	15,699,685	22,384,111
Capital assets (Notes 2 and 4)	3,757,417	4,344,545
Endowment assets (Note 5)	558,280	541,162
	$ 20,015,382	$ 27,269,818

LIABILITIES

	2000	1999
Current liabilities		
Accounts payable and accrued liabilities	$ 7,702,423	$ 14,378,931
Deferred revenue (Note 6)	1,527,563	2,444,843
Deferred salary	19,446	53,021
College service award (Note 8)	67,326	17,326
	9,316,758	16,894,121
Deferred revenue related to capital assets (Note 7)	2,173,690	2,000,000
	11,490,448	18,894,121
Net assets		
Invested in capital assets (Note 9)	1,583,727	2,344,545
Unrestricted	1,660,004	767,067
Restricted for endowment purposes (Note 5)	558,280	541,162
Restricted for Campus Development (Note 14)	4,722,923	4,722,923
	8,524,934	8,375,697
	$ 20,015,382	$ 27,269,818

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Revenue and Expenditures
year ended March 31, 2000

	2000	1999
Revenue		
Province of Nova Scotia (Note 10)	$ 50,932,000	48,232,000
Government of Canada	6,444,045	6,859,635
Tuition and fees	10,542,167	7,515,242
Customized training	10,709,702	8,677,362
Applied Research (Note 11)	569,685	---
Amortization of deferred revenue related to capital assets	1,826,310	1,333,000
Other (Note 12)	13,551,996	8,851,240
	94,575,905	81,468,479
Expenditures		
Salaries and benefits	57,257,751	50,064,523
Operating supplies and services	21,918,572	19,837,496
Equipment, rentals, other	6,653,273	4,446,029
Utilities and maintenance	5,991,938	4,845,296
Amortization	2,622,252	2,119,505
	94,443,786	81,312,849
Excess of revenue over expenditures	$ 132,119	$ 155,630

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Changes in Financial Position
year ended March 31, 2000

		2000	1999
Net inflow (outflow) of cash related to the following activities:			
Operating			
Excess of revenue over expenditures	$	132,119	155,630
Items not affecting cash			
Amortization of deferred revenue related to capital assets		(1,826,310)	(1,333,000)
Amortization		2,622,252	2,119,505
		928,061	942,135
Changes in non-cash working capital items (Note 13)		(6,859,096)	(3,849,202)
		(5,931,035)	(2,907,067)
Investing			
Purchase of capital assets		(2,035,124)	(3,752,912)
Financing			
Deferred revenue related to capital assets		2,000,000	2,000,000
Net cash inflow (outflow)		(5,966,159)	(4,659,979)
Cash position, beginning of year		12,887,538	17,547,517
Cash position, end of year	$	6,921,379	$ 12,887,538

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Changes in Net Assets
year ended March 31, 2000

	Invested in Capital Assets	Unrestricted	Restricted for Endowment Purposes	Restricted for Campus Development	2000 Total	1999 Total
Balance, beginning of year	$ 2,344,545	$ 767,067	541,162	4,722,923	8,375,697	8,023,113
Excess (deficiency) of revenue over expenditures	(795,942)	928,061	---	---	132,119	155,630
Investment in capital assets	35,124	(35,124)	---	---	---	---
Endowment contributions and interest	---	---	170,590	---	170,590	247,083
Endowment disbursements	---	---	(153,472)	---	(153,472)	(50,129)
Balance, end of year	$ 1,583,727	$ 1,660,004	$ 558,280	$ 4,722,923	$ 8,524,934	$ 8,375,697

NOVA SCOTIA COMMUNITY COLLEGE

Notes to the Financial Statements
year ended March 31, 2000

1. OVERVIEW OF OPERATIONS

The Nova Scotia Community College was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province, is responsible for enhancing the economic and social well-being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

a) Revenue Recognition

The College follows the deferral method of accounting for revenue. Tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and amounts held by financial institutions with maturities of less than 90 days.

c) Capital Assets

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years

Land and buildings are owned by the Province and are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year.

On March 31, 1996, the Province transferred title to all computers, furniture, fixtures and equipment contained within the buildings to the College. The assets have not been reflected in the financial statements. The capital policies described have been implemented on a prospective basis, as the information for retroactive treatment is not readily available.

d) Contributed Services

The Province provides the College with buildings at thirteen campuses (in excess of two million square feet) and is responsible for the maintenance of the physical plant and building infrastructure, the benefit of which is not reflected in these financial statements.

e) **Inventory**

Inventories consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

3. ACCOUNTS RECEIVABLE

	2000	1999
Customized training/other	$ 4,574,547	$ 4,144,638
Province of Nova Scotia	1,172,660	2,500,000
Tuition fees	616,630	520,911
Harmonized Sales Tax	1,925,521	2,075,855
Allowance for doubtful accounts	(358,024)	(370,635)
	$ 7,931,334	$ 8,870,769

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Computer equipment	$5,286,394	$ 4,106,006	$ 1,180,388	$ 2,224,603
Furniture and equipment	4,300,606	1,723,577	2,577,029	2,119,942
	$9,587,000	$ 5,829,583	$ 3,757,417	$ 4,344,545

5. ENDOWMENT ASSETS

The balance restricted for endowment purposes represents donations and related interest restricted for scholarships, awards and other specified purposes.

6. DEFERRED REVENUE

Deferred revenue represents the unexpended portion of amounts received for specific purposes and is summarized as follows:

	2000	1999
Apprenticeship	$ 525,000	$ 801,099
Direct purchase option students HRDC	---	780,000
Customized training	845,745	368,453
Student information system development	---	205,065
Co-operative education	---	25,617
Other	156,818	264,609
	$ 1,527,563	$ 2,444,843

7. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

Deferred revenue related to capital assets represents the unamortized portion of funding received from the Province of Nova Scotia for capital asset additions. The changes in the deferred balance are as follows:

	2000	1999
Beginning balance	$ 2,000,000	$ 1,333,000
Contributions received	2,000,000	2,000,000
Amortization of deferred revenue related to capital assets	(1,826,310)	(1,333,000)
Ending balance	$ 2,173,690	$ 2,000,000

8. COLLEGE SERVICE AWARD

As per the new collective agreements, some college employees are eligible for the College Service Award. This award replaces the Public Service Award for these employees. One percent of the employee's pay is contributed to the fund by the College.

9. NET ASSETS INVESTED IN CAPITAL ASSETS

	2000	1999
Capital assets, net	$ 3,757,417	$ 4,344,545
Deferred revenue related to capital assets	(2,173,690)	(2,000,000)
	$ 1,583,727	$ 2,344,545

10. REVENUE-PROVINCE OF NOVA SCOTIA

	2000	1999
Funding received	$ 52,932,000	$ 50,232,000
Portion related to capital assets	(2,000,000)	(2,000,000)
	$ 50,932,000	$ 48,232,000

11. APPLIED RESEARCH

In 1999 the College was awarded funding from the Canadian Foundation for Innovation to undertake applied research in the area of marine geographics.

12. OTHER REVENUE

Other revenue is summarized as follows:

	2000	1999
Bookstore revenue	$ 3,366,128	$ 2,639,674
Food sales	1,342,341	1,237,267
Apprenticeship/Shop	1,899,644	1,141,951
Interest	853,215	882,522
Recoveries	2,502,606	1,493,720
Lodging, rent and miscellaneous	3,588,062	1,456,106
	$ 13,551,996	$ 8,851,240

13. CHANGES IN NON-CASH WORKING CAPITAL

	2000	1999
(Decrease) increase in accounts receivable	$ 939,435	$ (4,486,187)
Increase in inventory	(143,008)	(22,712)
Increase in prepaids	(78,160)	(150,776)
Decrease in accounts payable	(6,676,508)	(402,107)
(Decrease) increase in deferred revenue	(917,280)	1,186,578
(Decrease) increase in deferred salary	(33,575)	8,676
Increase in College Service Award	50,000	17,326
	$ (6,859,096)	$ (3,849,202)

14. RESTRICTED FOR COLLEGE DEVELOPMENT

These funds have been internally restricted to ensure that the funds are used solely for college development projects.

15. COMMITTMENTS

The College is committed to the following lease and maintenance agreement payments over the next four years:

2001	2002	2003	2004
$591,923	$ 201,849	$ 56,406	$ 11,957

16. COMPARATIVE FIGURES

Certain of the March 31, 1999 comparative figures have been reclassified to comform to the current year financial statement presentation.

AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and

To the Chair and Members of the Nova Scotia Crop
and Livestock Insurance Commission

I have audited the balance sheet of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2000, and the statement of income and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 25, 2000

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999 Restated (Note 2)
Current Assets		
Cash	$ 57,662	$ 135,086
Short-term investments	5,232,073	4,658,176
Accounts receivable	32,925	202,216
Accrued interest receivable	147,914	135,813
	5,470,574	5,131,291
Capital Assets (Note 3)	56,726	62,803
	$ 5,527,300	$ 5,194,094

LIABILITIES AND FUND BALANCES

	2000	1999 Restated (Note 2)
Current Liabilities		
Unearned premiums	$ 30,500	$ 35,464
Deposits for insurance	14,773	11,924
Provision for payment of unsettled indemnities (Note 4)	267,578	17,046
	312,851	64,434
Deferred Contributions Related to Capital Assets (Note 5)	56,726	62,803
	369,577	127,237
Fund Balances		
Crop insurance	4,144,596	4,100,739
Livestock insurance	1,013,127	966,118
	5,157,723	5,066,857
	$ 5,527,300	$ 5,194,094

Commitments (Note 8)

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Statement of Income and Fund Balances
for the year ended March 31, 2000

	Crop Insurance	Livestock Insurance	Other	Totals 2000	Totals 1999 Restated (Note 2)
Revenues					
Insurance premiums (Schedule A)	$ 631,903	$ 17,533	$ ---	$ 649,436	$ 666,838
Interest income	204,759	46,876	---	251,635	253,327
Amortization of deferred contributions	---	---	12,527	12,527	11,236
	836,662	64,409	12,527	913,598	931,401
Expenses					
Indemnity claims (Schedule A)	793,005	17,400	---	810,405	976,594
Bad debt expense	(200)	---	---	(200)	1,008
Administrative expenses (Note 6) (Schedule B)	526,517	5,371	5,371	537,259	553,141
Amortization of capital assets	---	---	12,527	12,527	11,236
	1,319,322	22,771	17,898	1,359,991	1,541,979
Income (loss) before Government contributions	(482,660)	41,638	(5,371)	(446,393)	(610,578)
Government contributions (Note 7)	526,517	5,371	5,371	537,259	553,141
Net Income (Loss)	43,857	47,009	---	90,866	(57,437)
Fund Balance					
Beginning of year	4,100,739	966,118	---	5,066,857	5,124,294
End of year	$ 4,144,596	$ 1,013,127	$ ---	$ 5,157,723	$ 5,066,857

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Statement of Cash Flows
For the Year Ended March 31, 2000

	2000	1999
Cash Flows from Operating Activities		
Net income (loss)	$ 90,866	$ (57,437)
Add (deduct) changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	169,291	(182,245)
(Increase) in accrued interest receivable	(12,101)	(131,417)
Increase (decrease) in unearned premiums	(4,964)	1,742
Increase in deposits for insurance	2,849	11,173
Increase in provision for unsettled indemnities	250,532	846
Cash provided by operating activities	496,473	(357,338)
Cash Flow from Investing Activities		
Sale (purchase) of short-term investments	(573,897)	418,128
Increase (decrease) in cash	(77,424)	60,790
Cash, beginning of year	135,086	74,296
Cash, end of year	$ 57,662	$ 135,086

Notes to Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following accounting policy.

Capital Assets

Capital assets are recorded at cost, net accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

In previous financial statements, furniture and equipment purchases were charged to expenses in the year of acquisition. As a result of this change in accounting policy, prior year's comparative figures on the balance sheet and statement of income and fund balances have been restated to adjust for the effect of the change in accounting policy.

3. Capital Assets

	2000	1999
Equipment and furniture	$ 90,754	$ 84,304
Accumulated amortization	(34,028)	(21,501)
Net book value	$ 56,726	$ 62,803

4. Provision for Payment of Unsettled Indemnities

Any indemnities for losses incurred in the fiscal year not paid as of year end have been recorded in the financial statements, with the exception of indemnities for Winter Grain.

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture and Marketing on behalf of the Commission.

	2000	1999
Balance, beginning of year	$ 62,803	$ 63,789
Add: Capital assets acquired	6,450	10,250
Less: Amounts amortized to revenue	(12,527)	(11,236)
Balance, end of year	$ 56,726	$ 62,803

6. Related Party Transactions

Administrative expenses include $30,000 (1999 - $30,000) for rent and $44,240 (1999 - $44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and Marketing.

7. Government Contributions

Under the crop insurance programs, producers pay 50% of the insurance premiums and the Federal and Provincial governments each pay 25%. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2000 fiscal year, the Federal government contributed 49% (1999 - 49%) of the total administrative expenses. The Provincial government funded the remainder.

8. Insurance Coverage

The total insurance coverage as of March 31, 2000 was $35,493,508 (1999 - $37,976,409), comprising crop insurance of $11,982,508 (1999 - $13,772,409) and livestock insurance of $23,511,000 (1999 - $24,204,000).

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Transactions concerning this Fund are recorded by the Province and are not reflected in the accounting records of the Commission.

There is no Re-Insurance Fund for livestock. The Province is responsible for any deficiency in this fund.

9. Public Service Superannuation Fund

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability.

Schedule A

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Premium Revenue and Indemnity Claims
for the year ended March 31, 2000

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2000	1999	2000	1999
Crop Insurance							
Spring grain	$ 28,233	$ 14,117	$ 14,117	$ 56,467	$ 76,271	$ 108,075	$ 58,567
Winter grain	13,287	6,644	6,644	26,575	33,461	61,730	29,103
Tree fruit	106,609	53,306	53,306	213,221	216,666	9,114	77,080
Corn	22,516	11,259	11,259	45,034	67,127	19,645	24,290
Peas & Beans	43,992	21,997	21,997	87,986	74,210	189,166	259,434
Blueberries	63,830	31,914	31,914	127,658	78,973	25,127	281,337
Strawberries	3,796	1,899	1,899	7,594	8,566	5,123	3,609
Forage	645	323	323	1,291	2,121	294	967
Soybeans	3,008	1,504	1,504	6,016	9,755	6,909	738
Potatoes	30,031	15,015	15,015	60,061	81,505	367,822	186,364
	315,947	157,978	157,978	631,903	648,655	793,005	921,489
Livestock Insurance							
Dairy	17,533	—	—	17,533	18,183	17,400	55,105
Total	$ 333,480	$ 157,978	$ 157,978	$ 649,436	$ 666,838	$ 810,405	$ 976,594

Schedule B

NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Administrative Expenses
for the year ended March 31, 2000

	Crop Insurance	Livestock Insurance	Other	Totals 2000	Totals 1999
Personnel	$ 378,521	$ 3,862	$ 3,862	$ 386,245	$ 359,368
Transportation and communication	46,963	479	479	47,921	50,793
Information	7,175	73	73	7,321	7,489
Professional and special services	8,330	85	85	8,500	50,196
Office accommodation and equipment rental	30,163	308	308	30,779	31,755
Repair and maintenance of equipment	201	2	2	205	528
Utilities, materials and supplies	11,735	119	119	11,973	8,773
Other expenditures	43,429	443	443	44,315	44,239
	$ 526,517	$ 5,371	$ 5,371	$ 537,259	$ 553,141

AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and
To the Chair and Members of the Nova Scotia Farm Loan Board

I have audited the statement of financial position of the Nova Scotia Farm Loan Board as at March 31, 2000 and the statements of revenues and expenditures and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements presents fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations for the year than ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 8,2000

NOVA SCOTIA FARM LOAN BOARD

Statement of Financial Position
as at March 31, 2000

ASSETS

	2000	1999 (Restated Note 2) (in thousands)
Accounts receivable	$ 4,574	$ 4,329
Due from Department of Finance	1,587	1,128
Loans receivable (Note 3, Schedule 1)	150,922	146,788
Real estate (Note 4)	3,622	4,373
	$ 160,705	$ 156,618

LIABILITIES AND RETAINED EARNINGS

	2000	1999
Insurance reserve (Note 5)	$ 2,673	$ 2,380
Advances from Department of Finance (Note 2)	157,380	154,045
Retained earnings (Note 6)	652	193
	$ 160,705	$ 156,618

Commitments (Note 7)

Statement of Revenues and Expenditures
For the Year Ended March 31, 2000

	2000	1999 (in thousands)
Revenues		
Interest revenue	$ 12,048	$ 11,733
Demutualization proceeds (Note 5)	523	---
Fee revenue	334	179
Other revenue	115	14
	13,020	11,926
Expenses		
Interest expense (Note 2)	10,344	10,867
Operating expenses (Note 8)	911	821
Bad debt expense	381	96
	11,636	11,784
Income before Government contributions	1,384	142
Government Contributions	911	821
Net Income	$ 2,295	$ 963

Statement of Retained Earnings
For the Year Ended March 31, 2000

	2000	1999 (in thousands)
Retained earnings, beginning of year (Note 6)	$ 193	$ —
Net Income	2,295	963
Distribution to Department of Finance	(1,836)	(770)
Retained earnings, end of year	$ 652	$ 193

NOVA SCOTIA FARM LOAN BOARD

Notes to Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Farm Loan Board operates under the authority of the Agricultural and Rural Credit Act. The Board was established to increase agricultural activities in the Province by providing financial assistance to farmers.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. Previous financial statements did not include interest and lease revenues, administration expenses, interest costs attributed to advances from the Department of Finance, as well as accrued interest receivable. These amounts were recorded in the accounts of other government departments which assumed the cost or received the revenue on behalf of the Board. As a result of this change in accounting policy, these statements now include a statement of revenues and expenditures and a statement of retained earnings. Further, prior year's comparative figures on the statement of financial position have been restated to adjust for the effect of the change in accounting policy.

The following are other significant accounting policies used in the preparation of these financial statements.

a) **Interest Expense**
Loans provided by the Board are funded through quarterly advances from the Department of Finance. Advances are based on the Board's estimated requirement for the forthcoming quarter. Interest expense is calculated in accordance with the terms of a Memorandum of Understanding between the Board and the Department of Finance, based on the Department's cost of borrowing the Funds advanced.

b) **Allowance for Doubtful Accounts**
The Board provides for possible losses on authorized loans receivable and other assets on an item by item basis. In addition, a general reserve is provided on all assets except real estate.

3. Loans Receivable

	2000 (in thousands)	1999
Farm loans	$ 154,704	$ 150,694
Timber loans	1,664	1,845
	156,368	152,539
Less: Allowance for doubtful accounts	5,446	5,751
	$ 150,922	$ 146,788

4. **Real Estate -** at lower of cost and net realizable value

	2000	1999
	(in thousands)	
Real estate being leased or held	$ 1,856	$ 1,462
Land bank	2,344	2,916
Land consolidation		
Agricultural Rural Development Agreement (ARDA)	103	163
Less: Federal Government share of ARDA properties	(51)	(96)
Held for Department of Agriculture and Marketing	355	770
	4,607	5,215
Less: Allowance for doubtful recoveries	985	842
	$ 3,622	$ 4,373

5. **Insurance Reserve**

	2000	1999
	(in thousands)	
Balance, beginning of year	$ 2,380	$ 2,098
Add: Demutualization proceeds	112	—
Premiums collected	352	337
Increase in reserve held by carrier	331	425
	795	762
Deduct: Premiums paid to carrier	423	407
Administration fees	79	73
	502	480
Balance, end of year	$ 2,673	$ 2,380

The Board requires borrowers to participate in a group life insurance program administered by the Board. The carrier of the insurance will pay claims up to 100% and above 125% of premiums received from borrowers during the year. The insurance reserve will be used to fund the portion of claims that fall between these two limits. In addition, the Board may use the reserve to maintain or reduce future premiums charged to borrowers under the policy and pay for professional services related to the program.

Of the total reserve, $936,000 (1999 - $936,000) is held by the Department of Finance, and is included on the statement of financial position in the amount due from the Department of Finance. The remaining $1,737,000 (1999 - $1,444,000) is held by the carrier of the insurance plan, and is included in the accounts receivable of the Board. Interest is paid by the insurance plan carrier on an annual basis for certain funds and on a daily basis for other funds, and the interest rates used are set at the beginning of each policy year. The funds held by the Department of Finance bear no interest.

During the year ended March 31, 2000 the carrier of the insurance plan underwent a process of demutualization. As a result, the Board received $635,000. Of this amount, $112,000 was added to the insurance reserve, and $523,000 was included in the general revenues of the Board.

6. Retained Earnings

A Memorandum of Understanding dated March 16, 1999 between the Nova Scotia Farm Loan Board and the Department of Finance enables the Board to retain 20% of its net income for future use. The agreement took affect as of April 1, 1998. Previously, all net income of the Board was transferred to the Department of Finance. Net income retained is included on the statement of financial position in the amount due from the Department of Finance, and cannot be expended without the consent of the Department.

7. Commitments

As at March 31, 2000, the Board had authorized loans of $3,560,760 (1999 - $6,266,945) which had not been disbursed.

8. Operating Expenses

	2000	1999 (in thousands)
Salaries and benefits	$ 773	$ 662
Supplies and services	44	65
Travel	39	47
Training and development	22	6
Professional services	18	24
Other	15	17
	$ 911	$ 821

9. Loss Provision Program

The Department of Agriculture and Marketing administers a program that aids farmers having difficulty meeting financial obligations due to hardship caused by unfavourable weather conditions. The program assists farmers with interest and/or principal payments on loans they have with a recognized public-sector or priviate-sector lending agency. During the year ended March 31, 2000 the program paid $9,143,830 to or on behalf of farmers, $1,568,935 of which was applied against loans held by the Nova Scotia Farm Loan Board.

10. Public Service Superannuation Fund

All full time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA FARM LOAN BOARD

Continuity of Loans Receivable

for the year ended March 31, 2000

		2000	1999
		(in thousands)	
Loans receivable			
Balance, beginning of year		$ 152,539	$ 138,069
Add:	Advances made		
	Farm loans	18,571	30,995
	Timber loans	2	454
		18,573	31,449
Deduct:	Payments received		
	Farm loans	13,929	16,079
	Timber loans	183	217
	Net transfers to real estate	632	683
		14,744	16,979
Balance, end of year		156,368	152,539
Allowance for doubtful accounts		5,446	5,751
Loans receivable, net of allowance		$ 150,922	$ 146,788

AUDITOR'S REPORT

TO THE AUDITOR GENERAL OF
THE PROVINCE OF NOVA SCOTIA:

We have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 2000 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31,2000 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies as outlined in Note 2 to the financial statements.

LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS

Halifax, Nova Scotia
June 2, 2000

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Statement of Financial Position
March 31, 2000

ASSETS

	General Fund	MTT New Media Fund	Total 2000	Total 1999
Current				
Cash and short term investments	$ 1,089,103	$ 447,301	$ 1,536,404	$ 1,653,378
Other receivables	360,611	750	361,361	139,903
Due from MTT New Media Fund	---	---	---	6,000
Prepaid expenses	15,904	---	15,904	14,980
	$ 1,465,618	$ 448,051	$ 1,913,669	$ 1,814,261

LIABILITIES

	General Fund	MTT New Media Fund	Total 2000	Total 1999
Current				
Payables and accruals, trade	$ 53,928	$ ---	$ 53,928	$ 59,720
Deferred revenue	14,945	---	14,945	12,423
Due to general fund	---	---	---	6,000
	68,873	---	68,873	78,143

FUND BALANCES

	General Fund	MTT New Media Fund	Total 2000	Total 1999
Unrestricted	(1,169)	324,868	323,699	(4,123)
Committed	1,397,914	123,183	1,521,097	1,740,241
	1,396,745	448,051	1,844,796	1,736,118
	$ 1,465,618	$ 448,051	$ 1,913,669	$ 1,814,261

Contingent Commitment - General $1,397,914 (1999 - $1,521,609)
- MT & T New Media Fund $123,183 (1999 - $218,632) (Note 3)

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Statement of Operations and Changes in Fund Balances
year ended March 31, 2000

	General Fund	MTT New Media Fund	Total 2000	Total 1999
Revenue				
Contributions from the Department of Economic Development (note 4)	$ 2,994,153	$ —	$ 2,994,153	$ 3,447,847
Recovery of equity investments and development loans (notes 6 & 7)	179,714	—	179,714	285,510
Contributions from MTT (note 5)	—	175,000	175,000	150,000
Contributions from general fund	—	175,000	175,000	150,000
First Works	115,232	—	115,232	—
Interest and other income	83,838	—	83,838	38,170
	3,372,937	350,000	3,722,937	4,071,527
Expenditures				
Equity investments (note 6)	2,175,710	—	2,175,710	1,933,474
Project development loans (note 7)	267,421	—	267,421	184,469
Special project grants	289,085	—	289,085	269,281
Training assistance	113,031	—	113,031	159,273
Film school feasibility	26,702	—	26,702	45,961
First Works	30,198	—	30,198	—
New Media development loans	—	119,918	119,918	153,669
Contributions to MTT New Media Fund	175,000	—	175,000	150,000
Advertising and marketing (page 266)	114,907	—	114,907	125,586
Administrative expenses (page 266)	302,287	—	302,287	335,536
	3,494,341	119,918	3,614,259	3,357,249
Excess of revenues over expenditures	(121,404)	230,082	108,678	714,278
Fund balance, beginning of year	1,518,149	217,969	1,736,118	1,021,840
Fund balances, end of year	$ 1,396,745	$ 448,051	$ 1,844,796	$ 1,736,118

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31,2000

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant Accounting Policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.

b) The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for the following items:

(i) Program grants, loans and equity participation are charges to current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

(ii) Capital asset acquisitions are recorded as current expenditures.

(iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2000, the Corporation is contractually committed to advance funds totalling $1,397,914 (1999 - $1,521,609) from the general fund and $123,183 (1999 - $218,632) from the MTT New Media Fund as investments and loans in respect of current and future projects.

4. Cost Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments, including the following:

	2000	1999
Legal services	$ 57,937	$ 57,937
Rent	30,000	30,000
	$ 87,937	$ 87,937

The cost of these services is not reflected in these financial statements.

5. MTT New Media Fund

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the Corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute $400,000 over three years (1997-1998 - $75,000; 1998-1999 - $150,000; 1999-2000, $175,000) which contribution will be matched by the Corporation. These funds are to be segregated and disbursed according to guidelines jointly developed by the Corporation and MTT. The activities, assets and liabilities of this fund have therefore been distinguished from those of the general funds of the Corporation in these financial statements.

6. Equity Investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $127,714 (1999 - $242,510). The total of equity investments of the Corporation to March 31, 2000 is $15,091,237 with recoupment to March 31, 2000 of $764,943, for a net of $14,326,294.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2000 were $1,009,346 (1999 - $781,125). Development loans of $52,000 (1999 - $43,000) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Corporation's administrative expenses. The Public Service Superannuation Fund is administered by the Department of Finance.

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is related party of the Corporation. The Corporation is dependant on the Department of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Schedule of Advertising and Marketing Expenses
and Schedule of Administrative Expenses
year ended March 31, 1999

Advertising and Marketing Expenses:

	2000	1999
Advertising	$ 32,800	$ 18,935
Annual report	5,347	8,014
Business travel and expenses	21,402	33,092
Familiarization tour	—	11,339
Location scout	8,043	8,935
Photos/location services	5,892	6,288
Production guide, net of receipts of $72,807 (1999 - $63,342)	5,804	873
Salaries and benefits	35,619	38,110
	$ 114,907	$ 125,586

Administrative Expenses:

	2000	1999
Bank charges	$ 1,124	$ 1,244
Board honorarium and expenses	17,646	38,918
Capital equipment	7,213	9,444
Conference/marketing	6,006	4,796
Consultants	15,110	6,400
Courier services	6,498	7,024
Dues, fees and subscriptions	4,803	3,699
Insurance	1,427	1,480
Office supplies	15,751	10,867
Photocopier/fax rental	5,282	5,369
Postage	6,476	3,990
Professional fees	4,000	3,890
Repairs and maintenance	1,347	596
Salaries and benefits	196,123	224,042
Staff training	1,481	2,850
Telephone and fax	12,000	10,927
	$ 302,287	$ 335,536

AUDITORS' REPORT

To the Minister of Justice and
Nova Scotia Freedom of Information and Protection of Privacy Review Office

We have audited the balance sheet of the Nova Scotia Freedom of Information and Protection of Privacy Review Office as at March 31, 2000 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
June 5, 2000

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Balance Sheet
March 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ 18,158	$ 12,457
Accounts receivable	12,526	7,463
Prepaid expenses	1,278	---
	31,962	19,920
Capital assets	6,085	3,353
	$ 38,047	$ 23,273
LIABILITIES		
Current		
Payments and accruals	$ 31,962	$ 19,920
SURPLUS		
Investment in capital assets (Note 3)	6,085	3,353
	$ 38,047	$ 23,273

Commitment (Note 5)

Statements of Operations and Surplus
year ended March 31, 2000

	2000	1999
Revenue		
Grant from the Province of Nova Scotia	$129,220	$126,461
Interest and other revenue	1,070	946
Conference fees	3,150	---
	133,440	127,407
Expenses		
Salaries, wages and benefits	83,840	89,399
Shared support costs	10,188	10,866
Equipment	8,745	2,569
Rent	7,713	6,730
Legal, audit and consulting	5,300	5,610
Depreciation	2,939	1,676
Telephone	2,377	1,551
Conferences	2,183	---
Office supplies and services	2,108	915
Travel	1,669	3,788
Dues and fees	1,174	175
Hospitality	1,137	---
Repairs and maintenance	1,116	33
Printing and copying	219	742
	130,708	124,054
Operating surplus	$ 2,732	$ 3,353
Surplus, beginning of year	$ ---	$ ---
Operating surplus	2,732	3,353
Transfer from (to) investment in capital assets for		
Depreciation	2,939	1,676
Capital asset acquisitions	(5,671)	(5,029)
	(2,732)	(3,353)
Surplus, end of year	$ ---	$ ---

See accompanying notes to the financial statements

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Statement of Capital Assets
year ended March 31, 2000

	Cost			Accumulated Depreciation				
	Opening	Additions	Closing	Opening	Expense	Closing	2000 Net Book Value	1999 Net Book Value
Computer equipment.......	$ 5,029	$ 2,981	$ 8,010	$ 1,676	$ 2,670	$ 4,346	$ 3,664	$ 3,353
Furniture	---	2,690	2,690	---	269	269	2,421	—
	$ 5,029	$ 5,671	$ 10,700	$ 1,676	$ 2,939	$ 4,615	$ 6,085	$ 3,353

Statements of Cash Flows
year ended March 31, 2000

	2000	1999
Increase (decrease) in cash		
Operating		
Operating surplus	$ 2,732	$ 3,353
Depreciation	2,939	1,676
	5,671	5,029
Change in non-cash operating working capital (Note 6)	5,701	12,457
	11,372	17,486
Investing		
Purchase of capital assets	(5,671)	(5,029)
Increase in cash	5,701	12,457
Cash,		
Beginning of year	12,457	---
End of year..	$ 18,158	$ 12,457

See accompanying notes to the financial statements.

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Notes to the Financial Statements
March 31, 2000

1. Incorporation

The Nova Scotia Freedom of Information and Protection of Privacy Review Office was created pursuant to the Freedom of Information and Protection of Privacy Act, Chapter 5 of the Acts of Nova Scotia, 1993.

2. Summary of significant accounting policies

a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Capital assets

Capital assets purchased by the Review Office with a value greater than $1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Furniture	10 years

3. Investment in capital assets

	2000	1999
Balance, beginning of year	$ 3,353	$ —
Capital asset acquisitions	5,671	5,029
Depreciation	(2,939)	(1,676)
Balance, end of year	$ 6,085	$ 3,353

4. Pensions

Full time employees of the Review Office are entitled to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Review Office's operating expenses. The Review Office is not responsible for any unfunded liability.

5. Commitment

The company has entered into an agreement to lease its premises until December 31, 2004. The annual rent of premises consists of a minimum rent plus the Review Office's portion of common cost such as maintenance, power, water and property taxes. Minimum rent payable for premises for each of the next four years is a follows:

2001	$ 5,555
2002	5,555
2003	5,555
2004	4,166

6. Supplement cash flow information

	2000	1999
Change in non-cash operating working capital		
Receivables	$ (5,063)	$ (7,463)
Payables	12,042	19,920
Prepaids	(1,278)	---
	$ 5,701	$ 12,457

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Gaming Corporation as at March 31, 2000 and the statements of income and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 9, 2000

NOVA SCOTIA GAMING CORPORATION

Balance Sheet
as at March 31, 2000

ASSETS

		2000		1999
		(in thousands)		
				(Note 14)
Current				
Cash & short term investments (Note 3)	$	12,140	$	16,957
Due from Atlantic Lottery Corporation Inc.		4,329		12,512
Due from Metropolitan Entertainment Group (Note3)		---		4,053
Accounts Receivable		10		---
Prepaids		1		1
		16,480		33,523
Long-term				
Investment in Atlantic Lottery Corporation Inc.		1		1
Investment in Interprovincial Lottery Corporation (Note 7).		1		1
Fixed Assets (Note 8)		134		79
		136		81
	$	16,616	$	33,604

LIABILITIES

Current				
Accounts Payable	$	1,302	$	931
Due to Nova Scotia Harness Racing Incorporated (Note 10).		91		1,986
Due to Nova Scotia Gaming Foundation		56		45
Due to Metropolitan Entertainment Group (Note3)		3,798		---
Due to Province of Nova Scotia		5,411		26,925
Due to Casino Operations		5,958		3,717
	$	16,616	$	33,604

Contingencies and Commitments (Notes 3, 12 and 13)

NOVA SCOTIA GAMING CORPORATION

Statement of Income and Retained Earnings
for the year ended March 31, 2000

	Lotteries (Schedule 1)			Casinos (Sch 11/111)		Lotteries (Schedule 1)		Casinos (Sch 11/111)	
	Ticket Lottery	Video Lottery	Overhead	Halifax & Sydney	2000 Total	Ticket Lottery	Video Lottery	Halifax & Sydney	1999 Total (Note 14)
Revenues	$ 194,620	$ 138,242	$ ---	$ 84,151	$ 417,013	$ 186,955	$ 130,181	$ 78,945	$ 396,081
Expenses	141,598	40,086	6,187	69,723	257,594	148,264	41,811	67,559	257,634
Profit Distribution	$ 53,022	$ 98,156	$ (6,187)	$ 14,428	159,419	$ 38,691	$ 88,370	$ 11,386	138,447
Other Income									
Interest on GST/HST award (Note 3)					1,193				---
Interest income					209				---
					1,402				---
Other expenses									
Special Payments and Bonus Commissions (Note 5)					216				221
Responsible Gaming Program (Note 6)					394				---
Nova Scotia Gaming Foundation Contribution (Note 2)					346				380
Nova Scotia Harness Racing Fund Contribution (Note 10)					1,752				1,986
Management Expenses (Schedule IV)					2,351				1,630
Ticket and Video Lotteries Repatriation Costs (Note 4 and Shedule V)					1,394				---
					6,453				4,217
Net Operating Income					154,368				134,230
Income Guarantee Repayment (Notes 2 and 3)					(5,784)				(1,663)
Net Income					148,584				132,567
Retained earnings, beginning of year					---				---
Payments to Province					---				---
Retained earnings, end of year					(148,584)				(132,567)
					$ ---				$ ---

NOVA SCOTIA GAMING CORPORATION

Notes to the Financial Statements
for the year ended March 31, 2000

1. Description of Business

The Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the Gaming Control Act. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

2. Accounting Policies

a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principals. A statement of cash flows is not provided as disclosure in the balance sheet and the income statement is considered adequate.

b) Casino Revenue

In accordance with industry practice, casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

c) Ticket Lottery Revenues

In accordance with industry practice, gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

d) Video Lottery Revenue

In accordance with industry practice, video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings. (Note 4)

e) Income Guarantee

In accordance with the Operating Contract between Metropolitan Entertainment Group (Operator), the Corporation and Sheraton International Inc. (Guarantor), an income guarantee was provided to the Corporation, which provided that if Total Provincial Revenue was less than $25 million in each of the four years ended July 31, 1999, then the Operator would pay to the Corporation an amount equal to the difference between Total Provincial Revenue and $25 million. Total Provincial Revenue was defined to include the aggregate of casino win tax (20%) paid to the Province of Nova Scotia, annual registration fees of $100,000 paid to the Nova Scotia Alcohol and Gaming Authority (formerly Nova Scotia Gaming Conttrol Commission) and the annual net operating income of the Corporation from the casino complexes.

If Total Provincial Revenue exceeded $25 million in any year through to July 31, 2000, any previous guarantee payments paid by the Operator to the Corporation would be recovered to the extent Total Provincial Revenue is in excess of $25 million in such year. On a cumulative monthly basis the amount of the income guarantee repayment is accrued if defined Total Provincial Revenue is greater than $2,083,000 which equals the pro rata monthly portion of the $25 million. The Corporation records any repayments to the Operator as a reduction of net income of the Corporation. (Note 3)

f) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on the declining balance basis at the following annual rates

Computer equipment	30%
Office furniture and equipment	20%

g) Nova Scotia Gaming Foundation Contribution

VLT retailers in Nova Scotia have agreed, under the terms of their retailer agreements with Atlantic Lottery Corporation Inc., to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers. The administration of the Foundation was transferred from the Corporation to the Minister of Health effective December 8, 1999.

h) Long -term Investments

Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

3. Casino Nova Scotia

a) Operating Contract

i) *Term and Structure*

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group (Operator), then a partnership between ITT Sheraton Canada Ltd. and Purdy's Wharf Development Limited, to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

Effective December 29, 1999, Metropolitan Entertainment Group is a partnership between Park Place Entertainment Scotia Limited and East Port Properties Ltd.

ii) *Payments to Operator*

The Operator is entitled to certain payments from each casino calculated with reference to the following items, which are listed in Section 4.7 of the Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax and Sydney with respect to each casino complex, which has been amortized straight-line over a three year term in Halifax, a ten-year term in Sydney and will be amortized over a seven-year term in relation to the Halifax permanent casino with interest calculated monthly at 12% per annum on the total outstanding capital investment. The Operator's Capital Investment in the Halifax Interim Casino of $24.1 million was fully repaid in May 1998; and its Capital Investment in Sydney totaled $23.2 million, of which $12.4 million remained outstanding at March 31, 2000;

- an amount equal to 1.5% of casino revenue before casino win taxes (20%) to fund a capital replacement reserve. Disbursements from this reserve are required to be approved in advance by the Corporation through the annual capital budget approval process;

- an amount equal to 3% of casino revenue before casino win taxes (20%) in Sydney as a Base Fee and 10% of casino revenue less casino win taxes, the Base Fee and Operating Expenses as an Incentive Fee;

- an amount equal to the Operator's shortfall in any one year that income is insufficient to make payments, as described above. The Operator will track the amount of the shortfall and will be entitled to increased payments by an amount equal to the accumulated shortfall plus interest at prime plus 1% during the period in which the shortfall is outstanding; and

- an amount equal to 35% of cash available for distribution, as defined in the Operating Contract in Halifax.

iii) *Net Operating Income*

The Corporation's net operating income consists of 100% of the cash available for distribution from the Sydney Casino and the remaining cash available for distribution from the Halifax Interim Casino after payment of 35% to Operator.

iv) *Operating Period*

Net operating income earned by the Corporation is calculated based upon the operating period, which is defined in the Operating Contract as January 1 - December 31. The Corporation's annual financial statements are prepared based upon an April 1 - March 31 fiscal year. Any net operating income earned by the Corporation during the period January 1 - March 31 is subject to adjustment for the results of operations in the period April 1- December 31.

v) *Approvals*

Under the Operating Contract, the Corporation is required to approve certain items including the Operator's Operating and Capital budgets. The Corporation did not agree with certain aspects of the Operator's 2000 Operating Budget and are currently addressing a number of these provisions.

vi) *Public Education and Problem Gambling Contribution*

Metropolitan Entertainment Group and the Corporation have agreed to an annual contribution of $1 million to be paid from casino revenues to the Department of Health to provide funds for problem gaming programs and related public education.

b) Cash in Casino Accounts

Under the Operating Contract, the cash is managed by the Operator on behalf of the Corporation. The Corporation has included $6,756,000 (1999 - $16,957,000) in cash from the Casino Accounts on the Balance Sheet. Cash in Casino Accounts excludes the Capital Replacement Reserve Balance of $3,696,000 (1999 - $3,430,000).

c) Income Guarantee

The income guarantee payments for the guarantee periods and the income guarantee repayment accrual at March 31, 2000 are as follows:

		(in thousands)
July 31, 1996	$	9,621
July 31, 1997		5,813
July 31, 1998		5,564
July 31, 1999		(4,379)
Balance at July 31, 1999		16,619
Income guarantee repayment accrual - August 1, 1999 to March 31,2000		(3,798)
Balance at March 31, 2000	$	12,821

Between August 1, 1999 and March 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by $3,798,000 (1999 - $2,402,000). The maximum potential recovery by Metropolitan Entertainment Group for the period April 1,2000 to July 31, 2000 is $12,821,000.

Between April 1, 1999, and March 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by $5,784,000 (1999 - $1,663,000) and therefore this estimate reduced the Corporation's net operating income to record the amount to be repaid to the Operator. (Note 2). The actual amount of the income guarantee repayment will be known at July 31, 2000.

d) Due (to) from Metropolitan Entertainment Group

	2000	1999 (in thousands)
Income guarantee receivable (August 1,1996 - July 31,1997) . . . . $	— $	891
Income guarantee receivable (August 1,1997 - July 31,1998)	—	5,564
Income guarantee payable (August 1,1998 - March 31,1999).	—	(2,402)
Income guarantee payable accrual (August 1,1999 - March 31,2000) (Note 3)	(3,798)	—
Total . . . . $	(3,798) $	4,053

e) Interest on GST/HST Award

On January 28, 2000, the Corporation received payment of $21.6 million from Metropolitan Entertainment Group in satisfaction of an award made in favour of the Corporation following arbitration over the interpretation of GST/HST in the Operating Contract. The arbitrator's award included interest of $1.2 million to the Corporation.

f) Halifax Permanent Casino

Construction of the Halifax permanent casino commenced on February 1, 1998, and the casino opened on April 24, 2000. The total costs expended by the Operator at March 31, 2000, to construct the Halifax permanent casino were approximately $98 million.

Within 180 days following the opening of the Halifax permanent casino, the Operator is required to submit to the Corporation for approval a detailed summary of the total amount expended for completion of the casino.

Within 30 days of the submission of the detailed summary, the Corporation is required to approve or give notice to the Operator of its non-approval of these amounts. Upon approval by the Corporation, such costs shall be deemed to be Approved Development Costs of the casino.

g) Casino Option Contract

Upon expiration of the Operating Contract in 2015, the Corporation has the option to purchase each of the Halifax and the Sydney casino complexes, including capital assets and working capital totalling $2.6 million for the price of $1.00. The Corporation also has an option to purchase each of the two casino complexes in year 10 or year 15 of the Contract.

4. Atlantic Lottery Corporation Inc.

a) Profit Distribution

In 1976, the Atlantic Lottery Corporation was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25 per cent of the Atlantic Lottery Corporation Inc.

In March 1999, the Corporation served notice to Atlantic Lottery Corporation Inc. of its intention to withdraw its ticket and video lottery businesses from the Atlantic Lottery Corporation Inc. A project transition team was established on April 1, 1999 and costs associated with the withdrawal were capitalized during the year. On August 5, 1999, the Government announced that it would conduct a review of the Corporation's decision to withdraw its lottery operations from Atlantic Lottery Corporation Inc. On September 3, 1999, the Minister of Finance formally requested the Corporation suspend the transition initiatives pending the review and until otherwise advised.

On January 21, 2000, an agreement in principle was reached among the shareholder provinces that would permit the Corporation to continue with Atlantic Lottery Corporation Inc. The agreement consisted to three main elements:

- amended Unanimous Shareholders Agreement for common functions of the Atlantic Lottery Corporation Inc., including an amended profit allocation formula (revenue and cost allocation methodologies);
- agency Agreement to appoint the Atlantic Lottery Corporation Inc. as the Corporation's operator for ticket lottery and video lottery schemes in Nova Scotia; and
- independent review of effectiveness of the Atlantic Lottery Corporation Inc. in maximizing return to the Corporation and other shareholders.

The current year lottery figures included in the financial statements, including Schedule I, are prepared based on the revised profit distribution formula in accordance with the draft amended and restated Unanimous Shareholders Agreement, which has not yet been finalized. As at the reporting date, it is expected that the Agency Agreement and Unanimous Shareholders Agreement will be executed shortly. Based upon the previous profit sharing formula included in the Unanimous Shareholders Agreement amended in 1991, Nova Scotia's share of lottery profits would be $140.8 million, or $4.2 million lower than the $145.0 million included in Schedule I.

Ticket and video lottery operating results for the year ended March 31, 1999 are not directly comparable as they are based on the previous profit distribution formula which was approved by the shareholders in 1976 and amended in 1991.

As a result of the agreement in principle, all ticket and video lottery repatriation costs that had previously been capitalized during the year have been expensed (Schedule V).

b) Net Video Lottery Revenue

Based on information provided by Atlantic Lottery Corporation Inc., net video lottery revenue in Nova Scotia for the year is calculated as follows:

	2000		1999	
		(in millions)		
Amounts Deposited	$ 450	—	$ 420	—
Amounts Wagered	—	$ 2,628	—	$ 2,468
Amounts Paid as Winnings	—	2,490	—	2,339
Amounts Cashed Out	312	—	291	—
Net Video Lottery Revenue	$ 138	$ 138	$ 129	$ 129
Prize Payout Percentage		95%		95%

c) Federal Contribution

By an agreement dated August 23, 1979, between the Government of Canada and the governments of the ten provinces, the Government of Canada agreed to withdraw from the sale of lottery tickets. In consideration for this withdrawal, the Provinces agreed to pay $24 million annually to the Government of Canada, in 1979 dollars adjusted by the Consumer Price Index each year. The Atlantic Lottery Corporation Inc., as the Corporation's agent, remits Nova Scotia's share of the above payments to the Interprovincial Lottery Corporation for remission to the Government of Canada. For the year ended March 31, 2000, Nova Scotia's share was $1,453,000 (1999 - $1,402,000).

5. Special Payments and Bonus Commissions

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

	2000 (in thousands)	1999
The Department of Education and Culture (in support of the Cultural Federation of Nova Scotia)	$ 50	$ 50
The Department of Agriculture and Marketing (in support of the Exhibition Association of Nova Scotia)	50	50
The Sport and Recreation Commission (in support of Sport Nova Scotia)	100	100
	$ 200	$ 200

These payments are special funds under the Provincial Finance Act established by the Minister of Finance under Section 14 (1) of the Atlantic Lottery Regulations as made under the Gaming Control Act.

Bonus commissions of $16,000 (1999 - $21,000) were paid during the year to 10 non-profit organizations.

6. Responsible Gaming Program

The Corporation worked collaboratively with the Tourism Industry Association of Nova Scotia and the Department of Health Addiction Services to develop a Responsible Gaming Program for all VLT retailers and their employees. The program delivery commenced in October 1999. The Corporation's share of the costs of the Responsible Gaming Program, including development and delivery to March 31, 2000, was $394,000. Effective April 1, 2000, Atlantic Lottery Corporation Inc. will be responsible for the monitoring of the implementation of the Responsible Gaming Program as agent of the Corporation.

7. Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was incorporated on August 16, 1976, under the Canada Business Corporations Act. Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Special Event-Celebration). Nova Scotia holds one of 10 shares of this Corporation, and appoints one of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

Five regional marketing organizations are responsible for the Interprovincial Lottery Corporation's game ticket distribution and sales, new game designs/changes, marketing and promotions and payment of prizes. The Atlantic Lottery Corporation Inc. is appointed a regional marketing organization.

8. Fixed Assets

(in thousands)

	2000			1999
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computers	$ 147	$ 50	$ 97	$ 48
Office Furniture/ Equipment	61	24	37	31
	$ 208	$ 74	$ 134	$ 79

9. Related Party Transactions

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited, Atlantic Lottery Corporation Inc. and the ALC Harness Racing Corporation are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

10. Harness Racing

As requested by Government, Nova Scotia became involved in supporting the harness racing industry in June 1998 through the ALC Harness Racing Corporation. Nova Scotia Harness Racing Incorporated was established March 1, 1999, and designated as a crown corporation April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund. The Corporation annually contributes to the Fund amounts approved by the Minister of Finance.

For the year , ALC Harness Racing Corporation incurred a loss of $1,750,000 (1999 - $1,986,000) in Nova Scotia. The Corporation contributed $1,752,000 to the Nova Scotia Harness Racing Fund this year to permit Nova Scotia Harness Racing Incorporated to fund ALC Harness Racing Corporation's loss of $1,750,000 in Nova Scotia and to cover other expenses. The amount owing to Nova Scotia Harness Racing Incorporated at March 31, 2000, is $91,000.

In March 2000, the Government decided to provide up to $1 million in 2000-01 to support the harness racing industry in Nova Scotia. This contribution will be provided by the Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Marketing. The Department of Agriculture and Marketing will manage the monies received from the Fund and determine how they will be distributed to the industry.

11. GST/HST

Since April 1, 1997, the Corporation has incurred and paid Harmonized Sales Tax (HST) on all expenditures that attract HST as would a normal registrant. Prior to april 1, 1997, the Corporation was exempt from the Goods and Services Tax (GST).

On september 16, 1998, the draft Games of Chance (GST) Regulations were promulgated and took effect because of a "coming into force" provision retroactive to February 15, 1995. As a presribed regiatrant, the Corporation was therefore subject to GST prior to April 1, 1997, and HST thereafter. The Corporation must also indentify all GST/HST paid and allocate these costs between gaming and non-gaming activities. The GST/HST on gaming activities is required to be "doubled up" and further remitted to Revenue Canada, while the GST/HST on non-gaming activities may be used by the Corporation as an input tax credit. As a result of these changes, the Corporation expensed $362,000 during the year.

12. Commitments

The Corporation is required to make lease payments over the next five years as follows:

March 31, 2001	$	62,000
March 31, 2002	$	70,000
March 31, 2003	$	62,000
March 31, 2004	$	62,000
March 31, 2005	$	41,000

13. Contingency

A former Director of the Corporation has commenced legal action against the Corporation alleging constructive dismissal and claiming damages for that dismissal. The eventual outcome of this action is not determinable at this time.

14. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

Schedule I

NOVA SCOTIA GAMING CORPORATION

Ticket Lottery and Video Lottery Operating Results for the year ended March 31, 2000

	Ticket Lottery	Video Lottery	Overhead	Total 2000 (Note 4)	Total 1999 (in thousands) (Notes 4 and 14)
Ticket Lottery Sales	$ 194,620	$ ---	$ ---	$ 194,620	$ 186,955
Ticket Lottery Sales Discounts	65	---	---	65	74
Prize Expense	103,666	---	---	103,666	100,558
Net Ticket Lottery Sales	90,889	---	---	90,889	86,323
Net Video Lottery Sales	---	138,242	---	138,242	130,181
Total Net Sales	90,889	138,242	---	229,131	216,504
Retailer Commissions	12,434	30,084	---	42,518	46,549
Tickets Costs	4,355	146	---	4,501	4,889
	16,789	30,230	---	47,019	51,438
Gross Profit	74,100	108,012	---	182,112	165,066
Operating Expenses					
Salaries & Benefits	4,261	2,405	1,446	8,112	8,075
Travel & Vehicle Expenses	831	490	193	1,514	1,543
General & Professional Services	569	48	598	1,215	807
Occupancy Cost	576	323	320	1,219	1,337
Office & Miscellaneous	392	237	346	975	1,385
Equipment & Maintenance	900	836	444	2,180	2,049
Telecommunication	1,331	60	408	1,799	2,363
Advertising	3,633	1	258	3,892	3,702
Depreciation & Amortization	388	1,329	240	1,957	1,946
Total Operating Expenses	12,881	5,729	4,253	22,863	23,207
Operating Profit	61,219	102,283	(4,253)	159,249	141,859
Other income (expenses	436	968	(13)	1,391	964
Profit Before Other Distributions	61,655	103,251	(4,266)	160,640	142,823
HST Expense	3,975	5,095	468	9,538	9,955
Federal Contribution	---	---	1,453	1,453	1,402
Charity Non-Profit	28	---	---	28	---
Retailer Bonus	4,630	---	---	4,630	4,406
Net Profit	$ 53,022	$ 98,156	$ (6,187)	$ 144,991	$ 127,060

NOVA SCOTIA GAMING CORPORATION

Halifax Casino Nova Scotia
Operating Results
for the year ended March 31, 2000

	2000	1999 (in thousands)
Casino Revenue	$ 54,379	$ 50,192
Win Tax	(10,876)	(10,038)
Casino Revenue After Win Tax	43,503	40,154
Beverage, Food and Other Revenue	1,256	1,316
Total Net Revenues	44,759	41,470
Operating Expenses		
Salaries and Benefits	13,636	12,847
Other Expenses Including Cost of Beverage and Food	1,432	1,247
Public Education and Problem Gaming Contribution	670	656
General Administration and Marketing	5,298	4,971
Premise Expense	1,792	1,907
Harmonized Sales Tax	3,784	3,713
	26,612	25,341
Income Before Payments to Operator	18,147	16,129
Payments to Operator (Note 3)		
Amortization of Capital Investment and Interest	---	1,352
Capital Replacement Reserve	835	772
Operator Fee	6,059	4,902
	6,894	7,026
Net Operating Income	$ 11,253	$ 9,103

NOVA SCOTIA GAMING CORPORATION

Sydney Casino Nova Scotia
Operating Results
for the year ended March 31, 2000

	2000	1999
	(in thousands)	
Casino Revenue	$ 26,901	$ 25,686
Win Tax	(5,380)	(5,137)
Casino Revenue After Win Tax	21,521	20,549
Beverage, Food and Other Revenue	1,615	1,751
Total Net Revenues	23,136	22,300
Operating Expenses		
Salaries and Benefits	6,078	6,431
Other Expenses Including Cost of Beverage and Food	1,329	1,374
Public Education and Problem Gaming Contribution	330	345
General Administration and Marketing	2,758	2,270
Premise Expense	760	753
Harmonized Sales Tax	2,542	2,385
	13,797	13,558
Income Before Payments to Operator	9,339	8,742
Payments to Operator (Note 3)		
Amortization of Capital Investment and Interest	3,957	4,340
Capital Replacement Reserve	428	412
Base Fee	855	823
Incentive Fee	924	884
	6,164	6,459
Net Operating Income	$ 3,175	$ 2,283

Schedule IV

NOVA SCOTIA GAMING CORPORATION

Management Expenses
for the year ended March 31, 2000

	2000	1999
	(in thousands)	
Advertising	$ 10	$ 5
Depreciation	25	17
Directors fees	112	112
Harmonized Sales Tax (Note 11)	656	188
Membership Dues	7	4
Occupancy Taxes	2	1
Office and Miscellaneous	41	19
Office Equipment	14	8
Periodicals	12	12
Postage and Freight	10	6
Printing and Stationery	27	33
Professional and Other Fees	478	630
Rent	45	36
Salaries and Benefits	832	487
Telecommunications	30	19
Training	15	2
Travel	35	51
	$ 2,351	$ 1,630

Schedule V

Ticket and Video Lotteries Repatriation Costs
for the year ended March 31, 2000

	2000
	(in thousands)
Depreciation	2
Harmonized Sales Tax (Note 11)	177
Premise Rental	19
Office and Miscellaneous	19
Professional and Other Fees	890
Salaries and Benefits	231
Telecommunications	14
Travel	42
	$ 1,394

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance and the Minister of Health

I have audited the balance sheet of the Nova Scotia Gaming Foundation as at December 8, 1999 and the statement of revenue, expense and surplus for the 252 days then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 8, 1999 and its operations for the 252 days then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
December 22, 1999

NOVA SCOTIA GAMING FOUNDATION

Balance Sheet
December 8, 1999

ASSETS

	December 8, 1999	March 31, 1999
Cash and Term Deposit	$ 2,838,799	$ 2,578,926
Accrued Interest	1,577	
Due from Nova Scotia Gaming Corporation	66,348	44,923
	$ 2,906,724	$ 2,623,849

LIABILITIES

	December 8, 1999	March 31, 1999
Accounts Payable	$ 918	$ 2,027

EQUITY

	December 8, 1999	March 31, 1999
Surplus - restricted (Note 5)	455,113	630,840
- unrestricted	2,450,693	1,990,982
	2,905,806	2,621,822
	$ 2,906,724	$ 2,623,849

Statement of Revenue, Expenses and Surplus
for the 252 days ended December 8, 1999

	252 Days Ended December 8, 1999	Year Ended March 31, 1999
Revenue		
Contributions		
Nova Scotia Gaming Corporation	$ 237,671	380,664
VLT Retailers	237,671	380,664
Interest	77,134	109,879
	552,476	871,207
Expenses		
Administrative Fees (Note4)	10,473	24,610
Directors Fees	3,675	2,000
Grants (Note 5)	253,444	244,383
HST	—	2,473
Office	99	457
Professional	801	6,998
	268,492	280,921
Excess of Revenue over Expenses	283,984	590,286
Surplus, beginning of period	2,621,822	2,031,536
Surplus, end of period	$ 2,905,806	2,621,822

NOVA SCOTIA GAMING FOUNDATION

Notes to the Financial Statements
for the 252 Days Ended December 8, 1999

1. Description of the Foundation

On March 11, 1998, the Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The purpose of the Foundation is to receive, maintain and disburse funds in furtherance of the purposes set out in the Gaming Control Act, including for research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailers' agreements to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Gaming Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

2. Transfer of Administration

Since its establishment, the Foundation has been administered by the Nova Scotia Gaming Corporation on an interim basis. On December 1, 1999, Lieutenant Governor in Council amended the Nova Scotia Gaming Foundation Regulations by Order in Council 1999-592 to replace the Nova Scotia Gaming Corporation as the body responsible for the Foundation with the Minister of Health effective December 8, 1999. The past Board of Directors of the Foundation resigned effective December 8, 1999 and a new Board is anticipated to be appointed by the Minister of Health.

3. Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flows is not provided as disclosure in the balance sheet and the statement of revenue, expenses and surplus is considered adequate.

Term Deposits

Term Deposits are valued at original cost plus accrued interest.

Grants

Grant expenditures are recognized upon payment to the grantee. Payments are subject to the terms of the specific grant agreement.

4. Administrative Fees

The Foundation has entered into an agreement with the Nova Scotia Gaming Corporation to provide professional and administrative services on a cost recovery basis.

5. Grants and Commitments

The following represents the balance of grants committed at December 8, 1999.

	Approved Grant	Disbursed as at ecember 8,1999	Balance Committed at December 8,1999
Compulsive & Problem Gamblers Society	$ 216,108	$ 205,568	$ 10,540
Dalhousie University VLT Harm Reduction Study	335,916	271,543	64,373
NS Department of Education and Culture	380,200	—	380,200
	$ 932,224	$ 477,111	$ 455,113

Of the $477,111 disbursed as at December 8, 1999, $253,444 was disbursed during the 252 days ended December 8, 1999.

At December 8, 1999, the Foundation had approved but not yet disbursed the funding for various problem gambling initiatives as detailed above. The Foundation considers the balance commited of $455,113 at December 8, 1999, to be restricted for the purpose of presenting the surplus.

6. Comparative Information

These financial statements for the 252 days ended December 8, 1999 have been prepared up to the date of the transition of the administration of the Foundation to the Minister of Health. Comparative figures for the year ended March 31, 1999 have been provided for information only.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Harness Racing Incorporated as at March 31, 2000 and the statement of income for the period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 9, 2000

NOVA SCOTIA HARNESS RACING INCORPORATED

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current		
Bank	$ 1,135	$ —
Due from Nova Scotia Gaming Corporation	91,470	1,985,766
	92,605	1,985,766
Long-term		
Investment ALC Harness Racing Corporation	1	1
	$ 92,606	$ 1,985,767

LIABILITIES

	2000	1999
Current		
Accounts payable	$ 1,000	$ —
Due to ALC Harness Racing Corporation	91,606	1,985,767
	$ 92,606	$ 1,985,767

Income Statement
for the year ended March 31, 2000

	2000	1999
Revenue		
Contribution to the Nova Scotia Harness Racing Fund from Nova Scotia Gaming Corporation	$ 1,752,225	$ 1,985,766
Expenses		
Contribution to ALC Harness Racing Corporation grant program	1,749,849	1,985,766
Dues and fees	85	—
Interest and bank charges	156	—
Office	135	—
Professional fees	2,000	—
	1,752,225	1,985,766
Excess of revenue over expenses	$ —	$ —

NOVA SCOTIA HARNESS RACING INCORPORATED

Notes to the Financial Statement
for the year ended March 31, 2000

1. Description of the Business

Nova Scotia Harness Racing Incorporated was incorporated under the Companies Act on March 1, 1999 and designated as a crown corporation on April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund, a special fund created by the Nova Scotia Harness Racing Incorporated Regulations and to oversee Nova Scotia's involvement in supporting the harness racing industry in the Province through its agent, ALC Harness Racing Corporation.

Nova Scotia Harness Racing Incorporated holds one share, and therefore has a 33.33% interest, in ALC Harness Racing Corporation, a corporation incorporated under the Canada Business Corporation Act on May 7, 1998 to carry out the mandate of providing marketing and promotional assistance to the Maritime Provinces' harness racing industry. Atlantic Lottery Corporation Inc. owns the remaining 66.67% of ALC Harness Racing Corporation holding two shares on behalf of each of the Province of New Brunswick and the Province of Prince Edward Island.

During the year ended March 31, 2000, ALC Harness Racing Corporation provided marketing and promotional support to seven race tracks in the Maritime Provinces through the distribution of grant funding in accordance with the terms of proposed grant agreements between ALC Harness Racing Corporation and the race tracks. Provided a track was in compliance with the terms of the grant agreement, ALC Harness Racing Corporation provided grant funding to each track comprised of amounts paid directly to the track for capital improvements, amounts paid to fund specific race events in accordance with a formula, amounts incurred by ALC Harness Racing Corporation or paid directly to suppliers by ALC Harness Racing Corporation for the conduct of races and amounts paid by ALC Harness Racing Corporation to advertise and promote the harness racing industry. Some amounts were paid subsequent to race events and others were paid as the expenses were incurred on behalf of the race tracks.

In March 2000, the Government decided to provide up to $1,000,000 in 2000/01 to support the harness racing industry in Nova Scotia. This contribution will be provided by Nova Scotia Gaming Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Marketing. The Department of Agriculture and Marketing will manage the monies received from the Fund and determine how they will be distributed to the industry.

Nova Scotia, PEI and New Brunswick have decided to discontinue the operations relating to ALC Harness Racing Corporation. It is expected that a period of two months will be required to completely dispose of all assets and discharge all liabilities.

2. Accounting Policies

a) Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided as disclosure in the balance sheet and the income statement is considered adequate.

b) Investments

The investment in ALC Harness Racing Corporation is recorded using the cost method of accounting for investments.

3. Share Capital

The authorized capital of Nova Scotia Harness Racing Incorporated is one common share without nominal or par value which has been issued to Her Majesty the Queen in Right of the Province of Nova Scotia.

4. Harness Racing Operations

Based on information provided by ALC Harness Racing Corporation, Nova Scotia Harness Racing Incorporated's contribution to ALC Harness Racing Corporation of $1,749,849 was determined as follows:

Direct grants to Nova Scotia Tracks	
Truro Raceway	$ 702,000
Tartan Downs Raceway	288,000
Inverness Raceway	308,000
	1,298,000
ALCHRC costs allocated to Nova Scotia	451,849
	$ 1,749,849

Included in ALC Harness Racing Corporation's costs above are Nova Scotia's share of the costs resulting from discontinuing the operations of ALC Harness Racing Corporation. These financial statements do not include any potential loss as the future costs are not determinable at this time and will be insignificant.

The amount of Nova Scotia Harness Racing Incorporated's contribution to ALC Harness Racing Corporation to provide marketing and promotional support to Nova Scotia tracks, was determined in accordance with a proposed profit allocation formula. The amount of Nova Scotia Harness Racing Incorporated's contribution is the sum of:

Direct grants to harness racing tracks in Nova Scotia;

Direct costs of ALC Harness Racing Corporation that were not grants to a harness racing track but were attributable to Nova Scotia; and

All other costs of ALC Harness Racing Corporation allocated to Nova Scotia on the basis of its percentage share of net pari-mutuel revenue.

Net pari-mutuel revenue is defined as gross pari-mutuel wager on live and simulcast racing generated in all participating provinces less winner payout expenses.

AUDITOR'S REPORT

To the Chairman and Members of the
Board of Management of the
Nova Scotia Hospital

I have audited the balance sheet of the Nova Scotia Hospital as at March 31, 2000, and the statements of revenues and expenses, ancillary operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Hospital as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 6, 2000

NOVA SCOTIA HOSPITAL

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999 (Restated - Note 3)
Current Assets		
Cash	$ 3,593,251	$ 10,939,290
Accounts receivable (Note 4)	3,238,732	2,062,185
Inventory	111,681	94,851
Prepaid expenses	295,997	108,030
	7,239,661	13,204,356
Due from IWK - Grace Health Centre (Note 5)	173,524	203,969
Central Laundry Receivable (Payable) (Note 6)	69,700	(54,688)
Capital Assets (Note 7)	16,362,390	16,018,090
Restricted Trust Funds (Note 8)	125,154	175,304
	$ 23,970,429	$ 29,547,031

LIABILITIES AND NET ASSETS

	2000	1999
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 5,161,346	$ 8,644,828
Deferred revenue (Note 10)	1,218,847	1,314,371
	6,380,193	9,959,199
Due to Department of Health	—	1,016,855
Estimated Year-End Adjustments Due to Department of Health	—	1,344,609
Due to Provincial Drug Distribution Program (Note 11)	1,405,234	1,994,689
Deferred contributions related to Capital Assets (Note 12)	16,046,658	15,402,404
	23,832,085	29,717,756
Net Assets		
Restricted Trust Funds (Note 8)	125,154	175,304
Net assets invested in capital assets - Hospital	100,838	415,686
Net assets invested in capital assets - Laundry	214,894	200,000
Net assets internally restricted	—	345,504
Unrestricted net assets	(302,542)	(1,307,219)
	138,344	(170,725)
	$ 23,970,429	$ 29,547,031

NOVA SCOTIA HOSPITAL

Statement of Revenues and Expenses
Hospital Operations
for the year ended March 31, 2000

	2000	1999 (Restated - Note 3)
Revenues		
Inpatient Services		
Department of Health	$ 32,373,048	$ 28,416,094
Non-insured services	54,937	192,694
	32,427,985	28,608,788
Other		
Medical Services Insurance- Physicians	4,685,546	4,458,929
Dietary	880,347	484,454
Rentals	529,416	500,633
Services to other institutions	632,237	548,080
Maintenance operating costs recovery	49,360	123,907
Interest	420,209	417,185
Amortization of deferred capital contributions	774,111	720,980
Sundry	303,285	243,888
	8,274,511	7,498,056
	40,702,496	36,106,844
Operating Expenses		
Provincial and Regional Consumer Services	15,128,355	14,350,297
Provincial Forensic Psychiatric Services	5,726,447	4,071,402
Provincial Clozapine Program	931,983	770,802
Professional Services and Physicians Payments	6,116,044	5,660,311
Administration and Board	435,969	382,478
Corporate and Support Services	9,473,575	8,669,148
Maintenance and repairs	908,554	1,367,116
Education, Planning and Quality	723,894	636,350
Public Relations and Communications	316,120	323,167
Amortization of capital assets	787,183	725,144
Y2K Expenditures	141,182	283,309
	40,689,306	37,239,524
Excess (deficiency) of revenues over expenses	$ 13,190	$ (1,132,680)

NOVA SCOTIA HOSPITAL

Statement of Ancillary Operations
Central Laundry
for the year ended March 31, 2000

	2000	1999
Revenue		
Sales of clean laundry	$ 3,666,537	$ 2,454,456
Miscellaneous	492	471
	3,667,029	2,454,927
Expenses		
Salaries	1,807,199	992,562
Employee benefits	172,224	89,045
Motor vehicle repairs and operations	36,478	34,791
Steam/utilities and rent.	390,388	368,216
Administrative assessment	1,292,408	820,145
Interest	25,468	6,670
Amortization expense	21,831	—
Other expenses	7,378	93,009
	3,753,374	2,404,438
Excess (deficiency) of revenues over expenses	$ (86,345)	$ 50,489

NOVA SCOTIA HOSPITAL

Statement of Changes in Net Assets
For the Year Ended March 31, 2000

	Restricted Trust Funds	Invested in Capital Assets -Hospital	Invested in Capital Assets -Laundry	Internally Restricted Net Assets	Unrestricted Net Assets	Total 2000	Total 1999 **(Restated -Note 3)**
Balance, beginning of year . . . . . $	175,304 $	415,686 $	200,000 $	345,504 $	(1,307,219)$	(170,725)$	917,869
Department of Health funding of accumulated deficits	---	(415,686)	---	(345,504)	1,107,219	346,029	---
Excess (deficiency) of revenues over expenses	---	(13,072)	---	---	26,262	13,190	(1,132,680)
Amortization of laundry assets . . .	---	---	(21,831)	---	21,831	---	---
Trust Fund activity.	(50,150)	---	---	---	---	(50,150)	44,086
Investment in Capital Assets.	---	113,910	36,725	---	(150,635)	---	---
Balance, end of year . . . . $	125,154 $	100,838 $	214,894 $	--- $	(302,542)$	138,344 $	(170,725)

NOVA SCOTIA HOSPITAL

Statement of Changes in Cash Flow
for the year ended March 31, 2000

	2000	1999 (Restated - Note 3)
Cash Flows from Operating Activities		
Excess (deficit) from operations	$ 13,190	$ (1,478,184)
Add: Increase in net assets internally restricted	—	345,504
	13,190	(1,132,680)
Add (deduct) changes in non-cash working capital items		
Changes in accounts receivable	(1,176,547)	824,418
Changes in inventory	(16,830)	13,225
Changes in prepaid expenses	(187,967)	211,970
Changes in accounts payable	(3,483,482)	5,931,781
Amortization of deferred revenue	(774,111)	(720,980)
Amortization of capital assets	787,183	725,144
Change in deferred revenue	(95,524)	257,476
	(4,947,278)	7,243,034
Add (deduct) changes in other operating accounts		
Changes in due to PDDP	(589,455)	(752,508)
Changes in due from IWK-Grace	30,445	130,354
Change in year end adjustments due to Department of Health	(1,344,609)	1,428,668
Changes in due to Department of Health	(1,016,855)	—
Changes in due to Central Laundry	(124,388)	(12,808)
	(3,044,862)	793,706
	(7,978,950)	6,904,060
Cash Flows from Financing Activities		
DOH funding of accumulated deficits	803,541	—
Increase in deferred revenue capital	982,684	1,009,157
	1,786,225	1,009,157
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,153,314)	(1,629,007)
Increase (decrease) in Cash	(7,346,039)	6,284,210
Cash, beginning of Year	10,939,290	4,655,080
Cash, end of Year	$ 3,593,251	$ 10,939,290

NOVA SCOTIA HOSPITAL

Notes to Financial Statements
March 31, 2000

1. Authority

An Act to incorporate the Nova Scotia Hospital was proclaimed in 1967 to provide for the continuance of the Hospital.

The Nova Scotia Hospital is a Mental Health Centre providing a board interdisciplinary range of programs aimed at improving the mental health of Nova Scotians. The hospital is a consumer-focussed organization that operates a community - oriented approach to integrated care delivery.

The Hospital's mission is to work in partnership with Nova Scotians to attain the highest possible level of mental health.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

Significant accounting policies are summarized as follows:

Revenue Recognition

The Nova Scotia Hospital follows the deferral method of accounting for capital contributions received from government.

Operating grants are recorded as revenue in the period to which they relate.

Externally restricted contributions are recognized as revenue in the year when the related expenses are recognized.

Contributions externally restricted for the purchase of capital assets are deferred and amortized as revenue in accordance with the amortization schedule for each capital asset.

Capital Assets

These financial statements do not include the land costs of the Hospital. Title to land and buildings rests with the Province of Nova Scotia.

The Nova Scotia Hospital implemented a Tangible Capital Asset Policy after receiving Board approval in 1999-2000. Capital assets are valued at cost. Capital assets are amortized on a straight-line basis over the useful life of each asset.

Operating Costs

In 1999-2000 the Province paid $214,956 (1999 - $1,133,064) for expenditures of the Hospital. This is comprised of $49,360 (1999 -$123,907) for maintenance expenditures and $165,596 (1999 - $1,009,157) related to capital expenditures. These costs are included in these financial statements. Maintenance expenditures are recorded as an expense and recognized as revenue. Capital expenditures are recorded as capital assets and recognized as deferred contributions related to capital assets.

Final Settlements

Adjustments to prior years' operating results arising from the final settlement process of the Department of Health are reflected in net assets in the year they are determined.

Inventory

Inventory is valued at average cost.

3. Change in Accounting Policy

The Canadian Institute of Chartered Accounts recommends that capital assets be capitalized and amortized over their estimated useful lives and that contributions restricted for the purchase of capital assets be deferred and amortized over the same period as the related asset under the deferral method. The organization has adopted the recommendations in the current fiscal year.

As a result, the hospital has changed its method of acounting for capital assets, on a retroactive basis, from expensing them when purchased to capitalizing and amortizing them over their estimated useful lives and from recording contributions restricted for the purchase of capital assets as revenue when received to deferring and amortizing them over the same period as the related capital asset.

The effect of these changes on the comparative figures for the year ended March 31, 1999 has been to decrease the deficit for the year and the accumulated deficit by $415,686. The adjustment is comprised of the following accounts:

a) Amortization expense increased from $nil previously reported to $725,144.

b) Amortization of deferred contributions related to capital funding increased from $nil previously reported to $720,980.

c) 1998-99 net capital expenditures were reduced by $419,850 (capital assets acquired in excess of related deferred capital revenue).

4. Accounts Receivable

	2000	1999
Customer Receivables	$ 2,598,687	$ 1,561,035
Less Allowance for Doubtful Accounts	(11,158)	(9,642)
	2,587,529	1,551,393
Tax Credits	399,520	231,029
Foundation	21,738	16,836
Accrued Recoveries	229,945	262,927
	$ 3,238,732	$ 2,062,185

5. Due from IWK - Grace Health Centre

On June 30, 1994, the Nova Scotia Hospital entered into an agreement with the Izaak Walton Killiam - Grace Health Centre for Children, Women and Families (IWK - GHC) and the Atlantic Child Guidance Centre to establish the Trifacilities program. The purpose of the program is to provide mental health care, research and education for children and adolescents.

In 1999-2000, costs of $1,108,891 (1999 - $1,182,851) incurred by the Nova Scotia Hospital in providing child mental health services were recovered from the IWK - GHC and are not included on the Statement of Revenues and Expenses Hospital Operations.

6. Central Laundry Receivable (Payable)

The Nova Scotia Hospital administers the Central Laundry on behalf of the Department of Health and health care customers. Customers participate in this administration through membership on the Board of Directors of the Central Laundry, which is advisory in nature. The ultimate authority for governing the program rests with the Board of Management of the Nova Scotia Hospital.

The intent is for the laundry operation to be self-financing with any surplus to be shared by the partner hospitals. The total accumulated surplus as at March 31, 2000 was $16,645.

Effective July 1994, the Nova Scotia Hospital entered into a management contract with Crothall Support Services for the management and the day to day operations of the Central Laundry including marketing the service to potential new customers and ensuring current customers needs are met. Through this management contract, Crothall Services is responsible for the payment of the 1999-2000 laundry deficit totalling $86,345.

7. Capital Assets

Asset	Cost	Accumulated Amortization	Net Book Value March 31/00	Net Book Value March 31/99
Building...........	$ 25,377,828	$ 11,684,173	$ 13,693,655	$ 14,160,686
Equipment..........	4,022,529	1,454,632	2,567,897	1,857,404
Leasehold improvements.....	113,910	13,072	100,838	—
Total..............	$ 29,514,267	$ 13,151,877	$ 16,362,390	$ 16,018,090

Capital Assets are recorded at cost and amortized at the following annual rates:

Buildings	50 years straight line
Equipment	5 - 10 years straight line
Leasehold Improvements	10 years straight line

8. Restricted Trust Funds

These funds include monies held in trust for patients.

9. Accounts Payable and Accrued Liabilities

	2000	1999
Trade and Payroll Payables........................	$ 3,364,492	$ 6,545,401
Other Accrued Liabilities..........................	1,796,854	2,099,427
	$ 5,161,346	$ 8,644,828

10. Deferred Revenue

This amount represents an advance payment to the Hospital from the Department of Health ($1,181,391) for funding for the 2000-2001 fiscal year and other advances ($37,456).

11. Due to Provincial Drug Distribution Program

On April 1, 1998 the Minister of Health signed an agreement with the existing Non-Designated Organizations and the Regional Health Boards to provide a Provincial Drug Distribution Program (PDDP).

The Minister designated the Nova Scotia Hospital as the service provider of the PDDP, in particular the hospital is provding materials management, information technology, cash management, accounting and banking services.

This balance represents the accumulated amounts owed to and from the PDDP as a result of providing these services.

These financial statements do not include the revenues or expenses of the Provincial Drug Distribution Program.

12. Deferred Contributions Related to Capital Assets

Deferred revenue related to capital assets represents the unamortized amount of capital grant funding and the reallocated capital funding from operations. The amortization of deferred revenue related to capital assets is recognized as revenue in the Statement of Revenues and Expenses Hospital Operations.

	2000	1999
Balance, beginning of year	$ 15,402,404	$ 15,114,227
Add: Increase in Contributions	1,002,679	1,009,157
Department of Health funding of deficit	415,686	—
Less: Amounts amortized to revenue	(774,111)	(720,980)
Balance, end of year	$ 16,046,658	$ 15,402,404

13. Public Service Superannuation Fund

All full-time employees of the Nova Scotia Hospital are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Hospital's operating expenses.

The Public Service Superannuation Fund is administered by the Department of Finance. The Hospital is not responsible for any unfunded liability.

14. Subsequent Events

Proposed legislation (Bill 34) to create nine district health authorities was tabled in April 2000. Under this bill, a new Capital District Health Authority will be enacted replacing boards of the Queen Elizabeth II Health Sciences Centre, Nova Scotia Hospital and the Central Regional Health Board. The IWK-Grace will retain its own board and work in close partnership with the other organizations.

An amendment was made to Bill 34, to allow fo the devolution of the Nova Scotia Hospital from government.

This amended Bill 34 was given Royal Assent on June 8, 2000 and comes into force as of October 1, 2000.

15. Comparative Figures

Certain prior year's figures have been reclassified to conform with the presentation adopted for the current year.

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated balance sheet of the Nova Scotia Innovation Corporation as at March 31, 2000 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 24, 2000

NOVA SCOTIA INNOVATION CORPORATION

Consolidated Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current		
Cash and cash equivalents	$ 3,019,177	$ 1,884,151
Accounts receivable	2,345,586	2,544,209
Inventory	347,257	233,815
	5,712,020	4,662,175
Investments and Funds		
Nova Scotia First Fund (Note 6)	12,159,084	12,088,215
Research Endowment Fund (Note 7)	661,182	755,887
Other investments (Note 8)	665,491	542,216
Long Term Receivables (Note 9)	471,033	143,963
	13,956,790	13,530,281
Capital Assets, net (Note 10)	6,407,861	7,294,462
	$ 26,076,671	$ 25,486,918

LIABILITIES AND EQUITY

	2000	1999 (Restated)
Current		
Accounts payable	$ 924,610	$ 943,876
Due to Province of Nova Scotia	3,446,938	2,877,957
Deferred revenue	258,749	151,076
Current portion of Long-Term Debt (Note 11)	44,137	38,964
	4,674,434	4,011,873
Long-Term		
Early Retirement Incentive Plans (Note 11)	1,478,625	1,490,644
Long-Term Service Award (Note 12)	280,301	306,400
Due to NSBDC (Note 11)	121,314	143,963
	1,880,240	1,941,007
Deferred Government Assistance	539,815	650,307
Equity		
Class A Common Shares, par value $1.00	75	75
Principal Share, par value $1.00	1	1
Contributed surplus - Nova Scotia First Fund	11,110,791	11,110,791
Contributed surplus - Nova Scotia Research Foundation Corporation	7,509,888	7,509,888
Contributed surplus - Applied Microelectronics Incorporated (Note 8)	490,000	490,000
	19,110,755	19,110,755
Retained Earnings (deficit)		
Restricted for Nova Scotia First Fund (Note 6)	1,048,293	977,424
Unrestricted	(1,176,866)	(1,204,448)
	(128,573)	(227,024)
	$ 26,076,671	$ 25,486,918

Commitments (Note 6)

See accompanying notes to the financial statements

NOVA SCOTIA INNOVATION CORPORATION

Consolidated Statement of Earnings
for the year ended March 31, 2000

	2000	1999 (Restated)
Revenues and Grants		
Government grants (Note 13)	$ 3,218,732	$ 3,550,004
Commercialization Services	1,229,263	1,571,908
Technical Services	889,863	505,112
Product Sales	733,986	603,637
Sector Development	402,000	537,095
Business Incubation	457,513	396,214
	6,931,357	7,163,970
Expenses		
Commercialization Services	1,703,894	1,899,027
Technical Services	921,490	600,901
Product Sales	900,982	782,173
Sector Development	526,449	721,013
Business Incubation	537,409	529,395
Corporate Services	1,244,405	1,297,477
Occupancy Costs	569,084	621,997
Corporate Office	334,065	547,599
	6,737,778	6,999,582
	193,579	164,388
Amortization	(562,210)	(621,226)
Investment income	149,874	128,980
Early retirement incentive plan expense	(123,018)	(123,701)
Nova Scotia First Fund net income	70,870	127,980
	(464,484)	(487,967)
Loss Before Unusual Item and Discontinued Operations	(270,905)	(323,579)
Unusual item (Note 5)	190,000	—
Net Loss before Discontinued Operations	(80,905)	(323,579)
Discontinued Operations (Note 3)	179,356	181,857
Net Income (Loss)	$ 98,451	$ (141,722)

Consolidated Statement of Deficit
for the year ended March 31, 2000

	2000	1999
Deficit, beginning of year, as previously reported	$ (133,339)	$ (33,023)
Change in Accounting Policy - Long-Term Service Award (Note 4)	(93,685)	(52,279)
Deficit, beginning of year, as restated	(227,024)	(85,302)
Net Income (Loss)	98,451	(141,722)
Deficit, end of year	$ (128,573)	$ (227,024)

See accompanying notes to the financial statements.

NOVA SCOTIA INNOVATION CORPORATION

Consolidated Statement of Cash Flows
for the year ended March 31, 2000

	2000	1999 (Restated)
Cash From (Used In) Operations		
Net income (Loss)	$ 98,451	$ (141,722)
Add (deduct):		
Amortization	562,210	621,226
Deferred government assistance recognized	(177,982)	(171,578)
Nova Scotia First Fund income (Note 6)	(70,870)	(127,980)
Equity in earnings of investee	(18,570)	(3,650)
Gain (loss) on disposal of capital assets	(202,168)	7,132
Working capital adjustments	806,453	601,924
	997,524	785,352
Cash From (Used In) Investing Activities		
Nova Scotia First Fund portfolio investments, net	1,665,161	915,763
Nova Scotia First Fund investments (Note 6)	(1,700,069)	(1,130,000)
Nova Scotia First Fund royalties and loan repayments	87,408	214,237
Nova Scotia Information Highway Fund	---	676,065
Repayments from (Advances to) Investees, net	(104,705)	162,775
Long-Term Receivables	(436,740)	(165,381)
Long-Term Receivables Repayments	45,820	---
Capital Asset Purchases	(57,271)	(409,798)
Research Endowment Fund (Note 7)	94,705	244,113
Proceeds from disposal of Capital Assets	583,830	8,295
	178,139	516,069
Cash From (Used In) Financing Activities		
Nova Scotia Information Highway Industrial Support	---	(676,065)
Deferred government assistance	67,489	165,681
Assumption of AMEC debt to BDC	---	165,381
Repayment of AMEC debt to BDC	(21,418)	---
Early retirement incentive plan principal repayments	(8,109)	(6,606)
Nova Scotia First Fund Disbursements	(52,500)	---
Change in Long-Term Service Award Liability	(26,099)	41,406
	(40,637)	(310,203)
Net Change in Cash Position	$ 1,135,026	$ 991,218
Ending Cash Balance	$ 3,019,177	$ 1,884,151
Beginning Cash Balance	1,884,151	892,933
Net Change in Cash Position	$ 1,135,026	$ 991,218

See accompanying notes to the financial statements.

NOVA SCOTIA INNOVATION CORPORATION

Notes to the Consolidated Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Innovation Corporation (InNOVAcorp) was established on February 6, 1995 by the Innovation Corporation Act. Its purpose is to build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

2. Accounting Policies

InNOVAcorp's financial statements have been prepared in accordance with generally accepted accounting principles, which include the following:

a. **Principles of Consolidation**
The consolidated financial statements include the accounts of InNOVAcorp and its wholly-owned subsidiary, Nova Magnetics Limited (NML).

b **Use of estimates**
In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

c. **Cash and cash equivalents**
Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments at cost plus accrued interest with original maturities of three months or less. Portfolio investments of the Nova Scotia First Fund which mature within ninety days are accorded the same treatment.

d. **Inventory**
Inventory is valued at the lower of cost or net realizable value.

e. **Long-Term Investments**
Venture capital investments made through the Nova Scotia First Fund and investments in companies over which InNOVAcorp does not have significant influence are carried at cost. Where management has determined there to be a decline in value that is considered to be other than temporary, these investments are written down to provide for the loss.

Fixed income investments of the Nova Scotia First Fund with terms to maturity greater than ninety days are recorded at cost plus accrued interest.

f. **Capital Assets**
Property, plant and equipment purchased or constructed by InNOVAcorp are recorded at cost. Property, plant and equipment acquired by donation are recorded at fair market value. Amortization of the cost of management information systems and the technology license are calculated on the straight-line basis over their economic lives of 10 years and 6 years respectively. Amortization of the cost of other capital assets is based on the declining balance method over the estimated economic life of the related class of assets as follows:

Buildings	4%
Computer equipment	30%
Equipment, furniture and fixtures	20%
Improvements to non-owned buildings	100%

g. **Donated Assets**

The donation of assets to InNOVAcorp is considered a capital contribution. These assets are recorded at their fair market value with an offsetting increase to a contributed capital account identifying the source of the donation. These assets are amortized to income over their estimated economic life.

h. **Government Grants and Deferred Government Assistance**

Government grants received for the acquisition of property, plant and equipment are recorded as deferred government assistance and recognized as income on the same basis as the related assets are amortized. Grants related to other expenditures are recognized as income in the year the related expenditures are incurred.

i. **Translation of Foreign Currencies**

Current assets, current liabilities, long-term monetary assets and liabilities are translated at the year-end rate of exchange. Revenue and expenses are translated at the rates prevailing when the transaction occurred. Translation gains and losses are included in earnings except for unrealized gains and losses arising from translation of long-term monetary assets and liabilities, which are deferred and amortized over the remaining lives of the related items.

3. Discontinued Operations

On September 24, 1999, InNOVAcorp disposed of its chemistry, microbiology and materials laboratories, for consideration with a minimum net present value of $396,420. The net gain on the sale of these discontinued operations totaled $173,528. aggregate operating profits and losses for the year on these discontinued operations amounted to a net profit of $5,730. Revenues of $584,778 for 2000 and $1,175,698 for 1999 have been excluded from consolidated revenues for the Technical Services division.

In addition to the above-mentioned consideration, InNOVAcorp is entitled to maximum variable consideration of $200,000 unde the terms of the asset sale. The amount of such consideration to be received is based on future performance of the business sold and cannot be determined at this time. At March 31, 2000 variable consideration received to date, net of associated expenses, was $98.

The comparative statements for 1999 have been restated to reflect the reclassification of $181,857 of income from operations discontinued in 2000.

4. Change in Accounting Policies - Long-Term Service Awards

Employees of the Corporation are entitled to Long-Term Service Awards on retirement. The Awards are based on the number of years of service of the employee and are earned at a rate of one week's pay for every year of service, to a maximum of 26 weeks.

During the year InNOVAcorp adopted the policy of accruing the liability for Long-Term Service Awards. The change has been applied retroactively for InNOVAcorp and predecessor organizations and prior periods have been restated as follows to reflect this change:

	1999
Decrease in net earnings	41,406
Increase in Deficit, beginning year	52,279
Increase in Accounts Payable	306,400
Decrease in Contributed Surplus - Nova Scotia	—
Research Foundation Corporation	(212,715)

5. Unusual Item

On July 23, 1999 InNOVAcorp filed a Notice of Objection with respect to a GST/HST audit reassessment. The contested issue was InNOVAcorp's ability to claim input tax credits related to expenses incurred delivering certain government funded programs under which services are provided to clients free-of-charge. On May 24, 2000 Canada Customs and Revenue allowed the objection. As a result, InNOVAcorp is entitled to file for unclaimed input tax credits related to the programs in question for the last four years. Management estimates that after appeal costs, $190,000 will be recovered.

6. Nova Scotia First Fund

In 1989 the Nova Scotia First Fund (NSFF) was established by Governor in Council. The objective of the fund is to encourage the development of high technology industries and to encourage the adoption of new technologies by existing industries. Fund investments represent investments in development stage enterprises and, as such, have not yet earned significant revenues from their intended business activities or established their commercial viability. The recovery of invested amounts and the realization of investment returns is dependent upon the successful resolution of scientific, regulatory, competitive and other risk factors, as well as the eventual commercial success of these enterprises. Adverse developments could result in further write-downs of the carrying values of these investments.

During 1996-97 InNOVAcorp assumed management of the NSFF pursuant to the Innovation Corporation Act. The administration of investments and obligations made through the NSFF to April 1, 1996 was also transferred to InNOVAcorp. Fund activity during the current year is summarized below:

	Portfolio Investments	Fund Investments	Fund Obligations	Valuation Adjustment	Fund Balance
Beginning Balance	$ 8,793,073	$ 5,020,244	$ (277,500)	$ (1,447,602)	$ 12,088,215
Add (Deduct):					
Net Investment income	358,635	112,234	---	(400,000)	70,869
Equity investments	(1,700,069)	1,700,069	---	---	---
Loan Repayments	51,408	(51,408)	---	---	---
Royalty Buy-Back (1)	36,000	(36,000)	---	---	---
Non repayable Contributions	(52,500)	---	52,500	---	---
Ending Balance	$ 7,486,547 (2)	6,745,139	$ (225,000)	$ (1,847,602)	12,159,084
Unrealized Gains - Venture Investments		740,000 (3)			740,000
Fair Market Value		$ 7,485,139			$ 12,899,084

(1) InNOVAcorp entered into an agreement to sell its interest in one of its investments to the investee's other shareholders. Payment for InNOVAcorp's shares will be made in royalties based on the company's sales and the sales of a related company. Payments received are being applied first to eliminate the investment and then to income recognition.

(2) The fair market value of Portfolio Investments on March 31, 2000 was $7,597,236.

(3) Unrealized gains represent increases in the value of Fund Investments evidenced by substantial arm's length third party transactions. The amount of these gains has been discounted in consideration of lack of liquidity of NSFF investments.

InNOVAcorp is entitled to recover direct expenses associated with its administration of the NSFF. To date it has elected not to charge the Fund for any of the costs incurred. These costs were charged to the Commercialization Services division of the Corporation.

In addition to the above investments and obligations, as at March 31, 2000 there were $650,000 of approved commitments for the NSFF (1999 - $75,000) and a guarantee of $115,000 (1999 - $115,000).

Under a Memorandum of Understanding, the Royal Bank Capital Corporation (RBCC) and InNOVAcorp were to co-invest $3 million (on a two-thirds/one third basis) in early stage, high growth Nova Scotian companies in the life sciences and advanced materials sectors. The agreement was for a two-year term and expired December 5, 1999. No investments were made under this agreement.

InNOVAcorp and TARA (Telecom Applications Research Alliance) have entered into a $2 million investment alliance agreement (InNOVAcorp share - $1 million) to support emerging information technology (IT) companies. This strategic alliance will provide capital to IT companies with high growth potential. It will be targeted at early-stage companies seeking $100,000 to $300,000 in venture financing. A subcommittee of representatives from both organizations will manage the joint venture. At March 31, 2000, $750,069 (InNOVAcorp share - $375,069) has been placed under this agreement and there was an additional approved allocation of $200,000 (InNOVAcorp share - $150,000).

7. Research Endowment Fund

The Research Endowment Fund was transferred to InNOVAcorp when the Nova Scotia Research Foundation Corporation was dissolved. Subject to any directions provided by the Governor in Council, the Fund is administered and controlled by InNOVAcorp. The Fund can be used for purposes consistent with the objects of InNOVAcorp. During the year, $94,705 of the fund was used to make an investment in Plant Select Biotechnologies Systems Limited.

8. Other Investments

	2000	1999
Applied Microelectronics Incorporated - 490,000 3%, non-cumulative preferred shares	$ 490,000	$ 490,000
British Columbia Research Incorporated - 68,403 common shares	41,042	41,042
PlantSelect Biotechnology Systems Limited - 20,000 common shares	29,744	11,174
PlantSelect Biotechnology Systems Limited (a)	94,705	—
Produxys Solutions Inc. - 1,000 common shares	10,000	—
	$ 665,491	$ 542,216

a. On February 25, 2000 the Board of Directors authorized a U.S. $65,000 investment in PlantSelect Biotechnology Systems Limited to be used to acquire preferred shares or debt of the company on terms to be negotiated between the shareholders. InNOVAcorp's investment was matched by additional research and development funding provided by three U.S. nurseries.

9. Long Term Receivables

	2000	1999
Receivable (a)	$ 329,881	$ —
Less receivable (b)	228,768	165,381
	558,649	165,381
Current Portion	87,616	21,418
	$ 471,033	$ 143,963

a) The receivable relates to the disposition of the discontinued operations. It represents the remaining $422,000 in minimum quarterly installments due under the asset sale agreement, net of imputed interest at a rate of 9.65% per annum. The final installment is due no later than October 31, 2004. As security, payments under the asset sale agreement have been guaranteed by the parent company of the purchaser.

b) InNOVAcorp leases equipment under agreements with terms of from three to eight years. The leases, which transfer substantially all of the risks and benefits incidental to ownership, have been accounted for as sales.

Future minimum lease receipts and the amount of the net investment in the lease is as follows:

2001	$ 55,073
2002	55,073
2003	43,333
2004	43,333
2005	43,333
2006 and thereafter	21,667
Total minimum lease payments receivable	261,812
Less amount representing imputed interest	33,044
	228,768
Less current portion	44,009
	$ 184,759

10. Capital Assets

		2000		1999
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	$ 350,700	$ —	$ 350,700	$ 350,700
Buildings	5,926,357	892,140	5,034,217	5,244,132
Machinery and Equipment	1,315,183	746,955	568,228	1,127,390
Computer Equipment	699,483	449,199	250,284	332,847
SE Technology License	111,000	101,982	9,018	14,170
Furniture & Fixtures	173,316	89,154	84,162	99,321
Improvements	162,268	162,268	—	—
Management Information Systems	146,474	35,222	111,252	125,902
	$ 8,884,781	$ 2,476,920	$ 6,407,861	$ 7,294,462

11. Long-Term Debt

(a) Early Retirement Incentive plans

In February 1991 and November 1993, the Province of Nova Scotia announced its intention to implement Early Retirement Incentive Plans. As an outside agency, the Nova Scotia Research Foundation Corporation (NSRFC) was invited to participate providing it agreed to pay the Province all costs of the Plans not covered by the Public Service Superannuation Fund. By resolutions of the Board of Directors on March 18, 1991 and January 20, 1994, NSRFC's participation in the Plans was authorized. The liabilities were transferred to InNOVAcorp upon the dissolution of NSRFC.

A liability in the amount of $1,500,114 has been accrued as at March 31, 2000 (1999 - $1,508,190). This amount represents management's best estimate of the present value of the future payments required under the Plans. $21,489 (1999 - $17,546) has been classified as current and $1,478,625 (1999 - $1,490,644) as long-term.

(b) Business Development Corporation Obligation

Effective March 31, 1999, InNOVAcorp completed an agreement of purchase and sale with the Advanced Materials Engineering Centre (AMEC). Under this agreement InNOVAcorp assumed $197,500 of AMEC's obligation under its debenture with the Nova Scotia Business Development Corporation.

A liability in the amount of $143,962 (1999 - $165,381) exists as at March 31, 2000 representing management's best estimate of the present value of the future payments required. $22,648 (1999 - $21,418) has been classified as current and $121,314 (1999 - 143,963) as long-term.

Aggregated payments required under the Early Retirement Incentive Plans and the Business Development Corporation obligation in each of the next five years are as follows:

	Estimated Cash Flows	Imputed Interest	Principal Reduction
2000-01	$ 173,278	$ 129,141	$ 44,137
2001-02	179,101	124,395	54,706
2002-03	184,320	120,677	63,643
2003-04	189,721	118,485	71,236
2004-05	193,995	124,044	69,951
2005 and thereafter			1,340,403
			$ 1,644,076

12. Long-Term Service Award Liability

Employees of the Corporation are entitled to Long-Term Service Awards on retirement. The Awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of 26 weeks. InNOVAcorp is responsible for the funding and eventual payment of these awards.

The liability is management's best estimate of the net present value of future awards to be paid to retiring staff. The benefit expense is calculated in two parts; an imputed interest charge on the average unfunded liability throughout the period, and an accrual of the award earned by the employee based on current service.

13. Government Grants

InNOVAcorp receives an annual grant from the Province of Nova Scotia as well as funding from various other Federal and Provincial government agencies for current operations and acquisition of capital assets. Funding related to the operating activities of a business unit has been included in the revenue of that unit.

Funding related to the acquisition of capital assets is deferred as disclosed in note 2(h).

Details of this funding are as follows:

	2000	1999
Grant received from Province of Nova Scotia	$ 3,069,600	$ 3,521,000
Assistance for capital acquisitions	23,421	23,111
Less government funding used to finance capital assets	(52,271)	(165,685)
Amortization of capital grants	177,982	164,446
Loss on disposal of assets financed through Government assistance	—	7,132
	$ 3,218,732	$ 3,550,004

14. Public Service Superannuation Fund

Employees of InNOVAcorp, other than casual employees, are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the expenses of InNOVAcorp's divisions.

The Department of Finance administers the Public Service Superannuation Fund. InNOVAcorp is not responsible for any unfunded liability.

15. Income Taxes

InNOVAcorp is exempt from income tax under section 149 of the Income Tax Act.

16. Related Party Transaction

Entity	Relationship	Sales To	Purchases From	Year End Receivable	Year End Payable
PlantSelect Biotechnology Systems Limited (1)	50% investee	$ ---	$ ---	$ 173,840	$ ---
BioScience Enterprise Centre	Managed Incubator	---	---	153,744	---
Agric-Tech Park Inc.	Managed Incubator	---	---	65,158	---
NSFF Investments	Investments	161,820		143,662	---

(1) Facilities and administrative services are provided to PlantSelect Biotechnology Systems Limited and Agri-Tech Park Inc. at no cost.

Sales to NSFF investments are at the same prices and terms as with unrelated parties. InNOVAcorp also has the use of the Technology Innovation Centre, which is owned by the Province of Nova Scotia, at no cost.

17. Comparative Figures

Certain of the 1999 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2000.

AUDITOR'S REPORT

To the Minister of Justice; and
To the Chair and Members of the
Nova Scotia Legal Aid Commission

I have audited the balance sheet of the Nova Scotia Legal Aid Commission as at March 31, 2000, and the statement of revenues, expenses and equity, and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Legal Aid Commission as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
July 13, 2000

NOVA SCOTIA LEGAL AID COMMISSION

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999 (Restated - Note 3)
Current		
Cash	$ 262,940	$ 738,167
Investments (Note 4)	2,552,723	1,449,883
Receivables	74,757	126,898
Prepaid expenses	38,160	35,181
	2,928,580	2,350,129
Trust fund - long service awards (Note 5)	1,065,156	822,455
Capital Assets (Note 6)	93,538	89,638
	$ 4,087,274	$ 3,262,222

LIABILITIES AND EQUITY

	2000	1999
Current		
Accounts payable and accruals (Notes 7 and 8)	$ 1,266,522	$ 1,119,287
Current portion of obligation under capital lease (Note 9)	17,449	14,715
Deferred contribution - special case (Note 10)	202,406	---
	1,486,377	1,134,002
Long-term		
Accrued vacation	---	21,498
Early retirement incentive program (Note 11)	174,022	167,716
Long service awards (Note 12)	1,065,156	822,455
Obligation under capital lease (Note 9)	12,738	29,531
	1,251,916	1,041,200
Deferred Contributions - capital assets (Note 13)	292,936	349,111
Equity		
Operating equity (Note 14)	992,694	692,518
Equity in capital assets	63,351	45,391
	1,056,045	737,909
	$ 4,087,274	$ 3,262,222

Commitments and contingencies (Note 14)

NOVA SCOTIA LEGAL AID COMMISSION

Statement of Revenues, Expenses and Equity
for the year ended March 31, 2000

	2000	1999 (Restated - Note 3)
Revenues		
Grant - Province of Nova Scotia	$ 11,263,174	$ 10,737,889
Interest	159,461	166,867
Other income	12,820	45,053
	11,435,455	10,949,809
Expenses (Schedule I)		
Amortization	42,143	20,660
Capital lease interest	5,068	1,485
Directors' fees	37,584	47,985
Equipment and maintenance	69,377	63,854
Library	142,742	127,316
Membership, meetings and conferences	206,993	194,369
Office disbursements	229,374	215,543
Private solicitors' fees (Note 8)	1,838,818	1,977,313
Professional and other fees	164,067	129,812
Salaries and benefits	7,269,570	7,018,419
Supplies and services	839,910	895,712
Travel	271,673	266,340
	11,117,319	10,958,808
Excess (Deficiency) of revenues over expenses before special case	318,136	(8,999)
Special Case (Note 10)		
Contribution from the Province of Nova Scotia	197,594	---
Contribution from client	11,282	---
	208,876	---
Expenses, special case	208,876	---
	---	---
Excess (Deficiency) of revenues over expenses	318,136	(8,999)
Equity, as previously reported	737,909	707,557
Restatement of prior years' expenditures (Note 3)	---	39,351
As restated	737,909	746,908
Equity, end of year	$ 1,056,045	$ 737,909

NOVA SCOTIA LEGAL AID COMMISSION

Statement of Cash Flow
for the year ended March 31, 2000

		2000		1999
Cash inflow (outflow) from the following activities:				
Operating:				
Excess (deficit) from operations	$	318,136	$	(8,999)
Amortization		42,143		20,660
Changes in receivables, payables and other items		327,436		251,869
		687,715		263,530
Investing:				
Investing		(1,102,840)		733,665
Fixed assets acquisitions		(46,043)		(70,946)
		(1,148,883)		662,719
Financing:				
Capital leases		(14,059)		44,246
Net cash inflow (outflow)		(475,227)		970,495
Cash position, beginning of year		738,167		(232,328)
Cash position, end of year	$	262,940	$	738,167

Notes to Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Legal Aid Commission was established in 1977 pursuant to the Legal Aid Act. The Act and Regulations stipulate that the Commission can provide legal services to persons whose income is derived primarily from municipal or provincial social assistance or to persons in an equivalent position.

Commission activities are funded by a grant from the Province of Nova Scotia. The Province in turn receives a contribution from the Government of Canada for legal aid provided by the Commission.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

Significant accounting policies are summarized as follows:

Revenue

Operating grants are recorded on the accrual basis.

Contributions from the Province of Nova Scotia for the acquisition of capital assets are recorded as deferred contributions and are amortized to revenue in accordance with the amortization schedule for each capital asset acquired.

Capital Assets

Capital assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives:

Computer equipment	33.33% per year
Leasehold improvements	Over term of lease
Equipment under capital lease	33.33% per year

Special Cases

Periodically, the Commission provides legal services to clients upon special request from the Department of Justice where the clients would not otherwise be eligible under the Commission's guidelines. Contributions and expenses related to these special cases are presented separately on the statement of revenues, expenses and equity.

3. Change in Accounting Policy

The Commission changed its method of accounting for capital assets from expensing them when purchased to that of capitalizing fixed assets and amortizing them over their estimated useful lives. The change in accounting policy has been applied retroactively and the financial statements for the year ended March 31, 1999 have been restated. The impact of the accounting policy change on the March 31, 1999 balance sheet is to record net capital assets of $89,638, capital lease obligations of $44,246 and equity in capital assets of $45,391. The impact on the statement of revenues, expenses and equity for the year ended March 31, 1999 is to record amortization expense of $20,660, capital interest expense of $1,485 and decrease equipment and maintenance and leasehold improvements by $28,185. Equity at the beginning of the year increased by $39,351 to record prior years' equity in capital assets.

Certain other 1999 figures have been reclassified to conform with the presentation adopted for the 2000 financial statements.

4. Investments

Investments consist of banker acceptance notes and are valued at cost, which approximates market value.

5. Trust Fund - Long Service Awards

The Commission follows the provisions of the Civil Service Act with respect to the payment of long service awards to retiring employees. The Commission is responsible for the funding and eventual payment of these awards.

The Commission maintains a trust fund to provide for the eventual payment of awards and to administer long service award advances. The Commission provides contributions, from general operating funds, to defray future obligations for long service awards.

In prior years, employees with 15 years of employment could apply for an advance on their long service award. Advances are repayable upon retirement or termination, together with interest at the provincial borrowing rate which existed at the time of the advance. As at March 31, 2000 six employees have received advances. Advances plus accrued interest at March 31, 2000 totalled $143,469 (1999 - $146,832).

		2000	1999
Balance, beginning of year		$ 822,455	$ 670,445
Add:	Contribution from operating funds	207,415	117,893
	Interest on long service award advances	8,837	8,945
	Interest on investments	29,635	26,052
		245,887	152,890
Less:	Long service awards paid to retiring employees	3,186	880
Balance, end of year		$ 1,065,156	$ 822,455
Consisting of:			
Cash		$ 695	$ 439
Investments and accrued interest on investments (see Note 4)		772,385	612,197
Receivable - long service award advances and accrued interest on advances		143,469	146,832
Contribution due from operating funds		148,607	62,987
		$ 1,065,156	$ 822,455

6. Capital Assets

Assets	Cost	Accumulated Amortization	Net Book Value March 31, 2000	Net Book Value March 31, 1999
Computer equipment	$ 79,997	$ 32,405	$ 47,592	$ 17,787
Leasehold improvements	49,225	32,273	16,952	27,248
Equipment under capital lease	50,124	21,130	28,994	44,603
	$ 179,346	$ 85,808	$ 93,538	$ 89,638

7. Accounts payable and Accruals

	2000	1999
Supplies and services	$ 241,703	$ 172,096
Accrued private solicitors' fees (see Note 8)	798,297	819,937
Employee salaries and benefits	226,522	127,254
	$ 1,266,522	$ 1,119,287

8. Measurement Uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in the financial statements. This exists when there is a variance between the recorded amount and another reasonably possible amount.

Measurement uncertainty in these financial statements is inherent in the recording of accrued private solicitors' fees. At the end of each fiscal year the Commission has a liability for work conducted by private solicitors that is not yet billed and paid. At March 31, 2000, a liability of $798,297 (1999 - $819,937) was recorded, of which $635,619 (1999 - $658,636) was estimated using a system that incorporates average costs and time frames for similar cases over the last two years. The estimate will vary from the eventual billings from private solicitors due to the specific requirements of each case.

9. Obligation under Capital Lease

	2000	1999
Blended monthly payments totalling $1,675 for computer equipment leases, with varying expiry dates to April 2002	$ 33,819	$ 52,748
Less: amount represent interest (average rate 15.5%)	(3,632)	(8,502)
	30,187	44,246
Less: current portion	(17,449)	(14,715)
Long term portion	$ 12,738	$ 29,531

The future minimum lease payments under capital lease obligations are as follows:

2000/2001	$ 20,103
2001/2002	13,716
	33,819
Less: interest portion	(3,632)
	$ 30,187

10. Special Case

During the year ended March 31, 2000, the Commission provided legal services for a client upon a special request from the Department of Justice. All funding received from the Province of Nova Scotia for the case is restricted solely for expenditures incurred in the process of defending the accused. Any funding not committed at the conclusion of the case must be returned to the Province of Nova Scotia.

At March 31, 2000, the Commission was holding $202,406 in deferred contributions from the Province of Nova Scotia for future expenses relating to the special case.

11. Early Retirement Incentive Program

The Commission participated in an Early Retirement Incentive Program offered by the Province of Nova Scotia to crown agencies. A liability in the amount of $$186,615 (1999 - 180,007) has been accrued on March 31, 2000. This amount represents management's best estimate of the present value of the future payments required under the Program. Of the total liability, $12,593 (1999 - $12,291) has been classified on the balance sheet as current and $174,022 (1999 -$167,716) has been classified as long-term.

Eligibility for the Program ended March 31, 1998.

12. Long Service Awards

Employees of the Commission are entitled to long service awards upon retirement. The awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of 26 weeks.

In 2000, the Commission engaged an outside consultant to estimate the liability relating to the awards. Based on the estimate of the present value of obligations respecting long service awards at March 31, 2000, the long service award trust funds of $1,065,156 (1999 -$822,455) are sufficient to fund the liability.

13. Deferred Contributions - Capital Assets

In 1999 the Province of Nova Scotia contributed $353,000 to the Commission to offset anticipated costs of upgrading the Commission's computer systems. The changes in the deferred contributions balance for the period are as follows:

	2000	1999
Balance, beginning of year	$ 349,111	$ 353,000
Less: amounts amortized to revenue	(56,175)	(3,889)
Balance, end of year	$ 292,936	$ 349,111

14. Commitments and Contingencies

a. The Commission assigns cases to private solicitors where a conflict of interest arises, or when choice of counsel is elected by the client in certain criminal cases. The Commission estimates that in addition to the $798,297 liability for private solicitor's fees reflected in the financial statements, a further expenditure after March 31, 2000 of approximately $443,224 may be required to complete these cases.

   The operating equity of the Commission is committed to fund the eventual completion of private solicitor cases outstanding at year end.

b. The Commission has entered into lease agreements for eleven of its offices. The remaining two offices do not have formal lease agreements. Lease agreements typically call for payment of a base rent plus a provision for the Commission's portion of operating costs and property taxes. Lease terms vary by office.

Minimum lease payments for signed lease agreements for the next five years, not including operating costs and taxes, are as follows:

2000/2001	$	389,040
2001/2002	$	145,785
2002/2003	$	97,848
2003/2004	$	90,120
2004/2005	$	90,120

c. The Commission provides funding to Dalhousie Legal Aid Services. The Commission has agreed to provide up to $208,000 to Dalhousie Legal Aid Services for the year ending March 31, 2001.

15. Client Trust Funds

On March 31, 2000, $12,537 (1999 - $1,726) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

16. Pensions

Pursuant to Section 7 of the Legal Aid Act, all permanent employees of the Commission are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability with respect to the superannuation fund.

Schedule I

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA LEGAL AID COMMISSION

Schedule of Expenses

for the year ended March 31, 2000

	2000		1999 (Restated - Note 3)
	Budget	Actual	Actual
Amortization	$ ---	$ 42,143	$ 20,660
Capital lease interest	---	5,068	1,485
Directors' fees	63,400	37,584	47,985
Equipment and maintenance			
Office furniture and equipment	59,300	20,080	22,551
Office machine leasing	48,000	19,440	20,209
Office machine maintenance	41,700	29,857	21,094
	149,000	69,377	63,854
Library	130,000	142,742	127,316
Membership, meetings and conferences			
Membership and dues	160,800	136,549	143,063
Meetings and conferences	60,000	70,444	51,306
	220,800	206,993	194,369
Office disbursements			
Civil and Family	242,000	93,023	105,781
Criminal	80,000	119,953	102,391
Young Offender	10,000	16,398	7,371
	332,000	229,374	215,543
Private solicitors' fees			
Civil and Family - conflicts	1,083,453	984,066	1,162,040
Criminal - choice of counsel	200,000	202,607	203,181
Criminal - conflicts	481,271	504,588	499,389
Young Offender - conflicts	107,276	147,557	112,703
	1,872,000	1,838,818	1,977,313
Professional and other fees			
Professional fees	147,500	126,853	118,213
Consultants fees	---	37,214	11,599
	147,500	164,067	129,812
Salaries and benefits	7,332,100	7,269,570	7,018,419
Supplies and services			
General cleaning and office expense	59,500	55,097	46,912
Heat, light and water	25,000	26,869	18,718
Miscellaneous	---	3,272	2,607
Printing and stationery	80,000	71,018	80,703
Rent, insurance and taxes	545,000	514,005	525,077
Telephone and postage	245,000	169,649	221,695
	954,500	839,910	895,712
Travel	244,200	271,673	266,340
	$ 11,445,500	$ 11,117,319	$ 10,958,808

AUDITORS' REPORT

To the Honourable Minister
in Charge of Administration
Liquor Control Act
Province of Nova Scotia
Halifax, Nova Scotia

We have audited the balance sheet of The Nova Scotia Liquor Commission as at March 31, 2000 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Nova Scotia Liquor Commission as at March 31, 2000 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
June 9, 2000

THE NOVA SCOTIA LIQUOR COMMISSION

Balance Sheet
March 31, 2000, with comparative figures for 1999

ASSETS

	2000	1999
	(in thousands)	
Current assets:		
Cash	$ 2,001	$ 3,808
Accounts receivable	2,514	2,215
Inventories of stock in warehouse and stores	16,477	15,012
Prepaid expenses	2,478	1,392
	23,470	22,427
Property and equipment:		
Furniture, fixtures and portable equipment	6,034	5,708
Other equipment	7,015	6,916
Computers	4,821	4,385
Land and buildings	12,511	11,706
Capital and leasehold improvements	22,081	21,374
	52,462	50,089
Less: Accumulated depreciation and amortization	38,826	35,894
	13,636	14,195
Assets under capital lease	10,831	10,831
Less accumulated amortization	7,995	7,462
	2,836	3,369
	$ 39,942	$ 39,991

LIABILITIES

	2000	1999
Current liabilities:		
Accounts payable and accrued liabilities	$ 15,924	$ 16,814
Current portion of obligations under capital leases (note 2)	279	279
	16,203	17,093
Long-term liability:		
Obligations under capital lease (note 2)	8,569	8,848
Due to Minister of Finance:		
Balance, beginning of year	14,050	9,264
Remittances	14,050	9,264
	---	---
Current year:		
Net income	135,170	129,223
Remittances	120,000	115,173
Balance, end of year	15,170	14,050
	$ 39,942	$ 39,991

Operating Leases (Note 3)

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR COMMISSION

Statement of Earnings
Year ended March 31, 2000, with comparative figures for 1999

	2000	% of Sales	1999	% of Sales
		(in thousands)		
Net sales	$ 371,365	100.0	$ 351,662	100.0
Cost of goods sold	187,609	50.5	176,451	50.2
	183,756	49.5	175,211	49.8
Stores' operating expenses	33,787	9.1	31,359	8.9
Income, store operations	149,969	40.4	143,852	40.9
Depreciation	3,465	0.9	3,898	1.1
Warehousing and distribution expenses	3,850	1.0	3,774	1.1
Administrative expenses (note 4)	8,522	2.3	8,306	2.4
Other revenue	(2,856)	(0.7)	(2,657)	(0.8)
Other expenses	1,067	0.3	514	0.1
	14,048	3.8	13,835	3.9
Earnings before unusual item	135,921	36.6	130,017	37.0
Early retirement program	751	0.2	794	0.2
Earnings from operations	$ 135,170	36.4	$ 129,223	36.8

Statement of Cash Flows
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
		(in thousands)
Cash provided by (used in):		
Operations:		
Income from operations	$ 135,170	$ 129,223
Depreciation and amortization not involving cash	3,465	3,898
Gain on sale of property and equipment	—	(438)
Change in non-cash operating working capital	(3,740)	(2,913)
	134,895	129,770
Financing:		
Principal payments on obligations under capital lease	(279)	(243)
Investments:		
Additions to property and equipment	(2,373)	(4,348)
Proceeds on sale of property and equipment	—	438
	(2,373)	(3,910)
Other:		
Remittances to Minister of Finance	(134,050)	(124,437)
Increase (decrease) in cash	(1,807)	1,180
Cash, beginning of year	3,808	2,628
Cash, end of year	$ 2,001	$ 3,808

See accompanying notes to financial statements.

Notes to Financial Statements
Year ended March 31, 2000

The Nova Scotia Liquor Commission administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989.

1. Significant accounting policies:

(a) Inventories:

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

(b) Property and equipment:

Property and equipment are stated at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

Asset	**Rate**
Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements	10%
Computers - stand-alone	33%
Computers - integrated systems	20%
Land and buildings	5%

In the year of addition, depreciation is charged at the full annual rate.

Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

(c) Assets under capital lease:

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

2. Obligation under capital lease:

The Nova Scotia Liquor Commission has an obligation under a capital lease, which matures in 2011. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 2000:

2001	$	1,536
2002		1,537
2003		1,536
2004		1,537
2005		1,536
2006-2011		10,371
Total minimum lease payments		18,053
Less amount representing interest		9,205
Balance of obligation		8,848
Less current portion of obligation under capital lease		279
	$	8,569

3. **Operating leases:**

The Nova Scotia Liquor Commission leases buildings, premises and equipment under operating leases which expire at various dates between 2001 and 2009. Some of these operating leases contain renewal options at the end of the initial lease term.

The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2000:

2001	$ 2,717
2002	2,261
2003	1,552
2004	1,230
2005	835
2006-2009	2,369
Total minimum payments required	$ 10,964

4. **Administrative expenses:**

Administrative expenses also include the following:	2000	1999 (in thousands)
Interest on obligation under capital lease	$ 1,257	$ 1,294

5. **Pension plan and retirement obligations:**

Full time employees of the Nova Scotia Liquor Commission are members of the Nova Scotia Public Service Superannuation Plan.

AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Nova Scotia Municipal Finance Corporation as at March 31, 2000 and the statements of revenue, expenditure and reserve fund and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
May 12, 2000

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Balance Sheet
March 31, 2000 with comparative figures for 1999

	2000	1999 (As restated -see note 10)
ASSETS		
Current assets:		
Cash	$ 3,160	$ ---
Short-term investments, at amortized cost (market - $2,040,000; 1999 - $3,455,000)	2,040,000	3,455,000
Accrued interest receivable	16,439,252	19,724,592
Other receivables	7,333	---
Principal due within one year on loans to units	161,176,120	138,251,338
	179,665,865	161,430,930
Long-term assets:		
Loans to units (note 3)	612,502,241	663,797,018
Less principal included in current assets	161,176,120	138,251,338
	451,326,121	525,545,680
Investments, at amortized cost (market - $6,939,664; 1999 - $6,963,760)	6,918,921	6,812,392
	458,245,042	532,358,072
Deferred charges:		
Discount on debenture debt	3,634,465	3,448,089
Less accumulated amortization	2,503,950	2,239,951
	1,130,515	1,208,138
	$ 639,041,422	$ 694,997,140
Trust fund assets (note 4)	$ 100,319,585	$ 159,701,004
LIABILITIES AND EQUITY		
Current liabilities:		
Bank indebtedness	$ ---	$ 79,620
Accounts payable	34,612	22,391
Accrued interest payable	16,449,585	19,787,711
Principal due within one year on debenture debt	165,792,750	139,466,000
	182,276,947	159,355,722
Long-term debt:		
Debentures payable (note 5)	616,943,000	669,451,000
Less principal included in current liabilities	165,792,750	139,466,000
	451,150,250	529,985,000
Deferred credits:		
Discount on loans to units	3,666,568	3,480,273
Less accumulated amortization	2,556,513	2,304,138
	1,110,055	1,176,135
Equity:		
Reserve Fund:		
Residual Reserve Funds	4,361,670	4,124,033
Reserve for debenture/loan interest differential	142,500	356,250
	4,504,170	4,480,283
	$ 639,041,422	$ 694,997,140
Trust funds under administration (note 4)	$ 100,319,585	$ 159,701,004

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Revenue, Expenditure and Reserve Fund
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999 (As restated -see note 10)
Revenue:		
Interest on loans to units ....$	50,259,635 $	56,436,788
Amortization of discount on loans to units	252,374	260,956
Interest on short-term investments	674,325	754,580
Current discount on loans to units	522,862	730,747
	51,709,196	58,183,071
Expenditure:		
Interest on debenture debt and short-term loans..........	50,907,275	57,100,385
Amortization of discount on debenture debt	263,999	274,042
Debenture issue expenses	305,344	467,727
Administrative expenses (note 6)	208,691	165,253
	51,685,309	58,007,407
Net revenue	23,887	175,664
Reserve Fund, beginning of year	4,480,283	5,804,619
Payment of provincial portion of surplus to Province of Nova Scotia (note 7)...............................	---	(1,500,000)
Reserve Fund, end of year............................$	4,504,170 $	4,480,283

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Cash Flows
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999 (As restated -see note 10)
Cash provided by (used in):		
Operations:		
Net revenue	$ 23,887	$ 175,664
Add (deduct) items not involving cash:		
Amortization of discount on loans to units	(252,375)	(260,956)
Amortization of discount on debenture debt	263,999	274,042
Amortization of premium on investments	(106,529)	(154,592)
Change in non-cash working capital (note 9)	(47,898)	(26,820)
	(118,916)	7,338
Investments:		
Issue of loans of $86,956,561 to units on security of debentures, net of discounts of $186,295 (1999 - $105,066,340 net of discounts of $320,943)	(86,770,266)	(104,745,397)
Principal received on loans to units	138,251,338	73,041,907
	51,481,072	(31,703,490)
Financing:		
Issue of debentures of $86,958,000, net of discounts of $186,376 (1999 - $105,067,000 net of discounts of $320,971)	86,771,624	104,746,029
Principal payment on debenture debt	(139,466,000)	(73,756,000)
Payment of provincial portion of surplus to Province of Nova Scotia	---	(1,500,000)
	(52,694,376)	29,490,029
Decrease in cash position	(1,332,220)	(2,206,123)
Cash position, beginning of year	3,375,380	5,581,503
Cash position, end of year	$ 2,043,160	$ 3,375,380

Cash position is defined as cash and short-term investments less bank indebtedness.

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Notes to Financial Statements
Year ended March 31, 2000

The corporation was created by the Municipal Corporation Act which was proclaimed on July 31, 1979. The corporation began operations on January 1, 1980 and has a March 31 fiscal year-end. The object of the corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, including district school boards, and hospitals through a central borrowing authority.

1. Summary of significant accounting policies:

(a) Discounts on debenture debt and loans to units are being amortized over the life of the debentures payable and the loans receivable to which they relate, using the debentures outstanding method.

(b) The Reserve Fund was created from interest earnings on funds which had been advanced by the Province of Nova Scotia and have since been repaid and interest on other surplus monies available from time to time, as well as from discounts on loans to units. The purpose of the Reserve Fund is to provide a capital base for the corporation, as well as to provide for funds which may be required for administrative purposes and timing differences.

(c) The Reserve for debenture/loan interest differential represents an allocation approved by the Board of Directors to fund the negative interest on loans maturing in the fiscal year 2001.

2. Fair values of financial instruments:

Financial assets and financial liabilities:

The fair values of cash, accrued interest receivable, other receivables, accounts payable, accrued interest payable and principal due within one year on loans to units and debenture debt are assumed to approximate their carrying amounts because of their short-term to maturity. The fair values of investments are assumed to approximate quoted market values as disclosed in the financial statements.

The fair values of the corporation's loans to units and debentures payable fluctuate with changes in current lending rates. The corporation's mandated rate of interest charged on loans to units is directly correlated to its cost of borrowing, thereby providing a hedge against equity erosion. As at March 31, 2000, the corporation's debenture debt was hedged by offsetting loans to units with the exception of approximately $4,441,000 which was hedged by marketable securities. The fair market value of the marketable securities was $6,939,664, while the fair market value of the debentures in excess of the loans to units was approximately $4,513,000. As the corporation normally holds the debentures to maturity, book values of the investments and debentures have not been adjusted to reflect the differences.

Trust fund assets managed by the corporation are completely offset by trust fund liabilities providing a hedge against fair value changes.

3. Loans to units:

(a) Loans to units are made on the security of their debentures, due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 1.00% to 13.375%. Due to existing provision for the recovery of any defaults by units, an allowance for doubtful accounts is not required.

(b) Principal payments receivable in each of the next five years are as follows:

2001	$	161,176,120
2002		64,225,209
2003		85,871,896
2004		46,110,083
2005		46,287,169

4. Trust funds under administration:

Trust fund assets totalling $100,319,585 (1999 - $159,701,004) are held on behalf of certain municipal units and provincial debt issued for school and hospital construction. These funds represent sinking funds which are held by the corporation to be applied to the repayment of outstanding debenture debt at maturity.

5. Debentures payable:

(a) The debenture debt outstanding at March 31, 2000 totalling $616,943,000 (1999 - $669,451,000) is in Canadian funds and is fully guaranteed by the Province of Nova Scotia except for Series AT which is a private placement.

Series	Date Issued	Maturity Date	Interest Rate	Debt Outstanding
B	July 2/80	1998 to 2000	12.000	700,000
C	Dec. 19/80	1998 to 2000	13.375	1,250,000
D	Dec. 19/80	1998 to 2000	13.375	500,000
N	Apr. 2/85	1998 to 2005	12.250-12.500	3,385,000
P	Dec. 11/85	1998 to 2000	11.000	1,500,000
Y	June 21/90	2000	11.750	44,000,000
Z	Nov.15/90	2000	11.900	59,000,000
AA	May 29/91	1998 to 2001	10.500	10,200,000
AB	Oct. 30/91	1998 to 2001	9.750	10,320,000
AC	May 13/92	1998 to 2002	9.750-9.875	32,875,000
AD	Dec. 9/92	1998 to 2002	8.250-8.500	15,600,000
AE	May 5/93	1998 to 2003	8.000-8.500	11,400,000
AF	Nov. 18/93	1998 to 2003	7.125-7.625	9,110,000
AG	July 13/94	1998 to 2004	9.000-9.250	10,100,000
AH	Dec. 8/94	1998 to 2004	9.125-9.750	16,270,000
AI	May 2/95	1998 to 2005	8.625-9.125	11,760,000 *
AJ	Nov. 14/95	1998 to 2005	7.500-8.125	21,765,000
AK	May 14/96	1998 to 2006	7.000-8.000	32,098,000 *
AL	Oct. 28/96	1998 to 2006	6.500-7.500	15,926,000
AM	May 12/97	1998 to 2007	5.750-7.000	50,120,000 *
AN	Oct. 17/97	1998 to 2007	5.000-6.250	34,519,000 *
AP	Jan. 30/98	1999 to 2019	5.375-6.125	43,488,000 *
AQ	May 15/98	1999 to 2008	5.000-5.500	37,167,000
AR	Dec.1/98	1999 to 2008	4.625-5.625	56,932,000 *
AS	May 17/00	2000 to 2009	4.750-5.375	40,525,000 *
AT	May 28/99	2000 to 2015	1.000	2,700,000
AU	Dec 22/99	2000 to 2009	5.750-6.750	43,733,000 *
				$ 616,943,000

* Placed directly with the Province of Nova Scotia
Interest is payable semi-annually, except Series AT which is payable annually.

(b) Principal payments due in each of the next five years are as follows:

2001	$ 165,792,750
2002	64,252,750
2003	86,096,750
2004	46,019,750
2005	46,239,750

6. Administrative expenses:

	2000		1999
	Budget	Actual	Actual
Salaries and benefits . . . . $	153,004 $	165,285 $	121,514
Travel	4,000	3,791	3,611
Equipment and maintenance	4,950	7,305	2,712
Printing	2,300	5,194	3,991
Postage	4,000	1,839	2,349
Telecommunications	5,400	4,226	3,914
Stationery and supplies	5,000	4,096	2,626
Professional services	6,000	6,000	6,073
Bank charges	12,000	8,689	6,142
Directors' fees and expenses	5,600	3,421	5,385
Professional development	5,225	3,576	5,330
Dues and subscriptions	1,320	806	931
Insurance	755	561	473
Other	500	147	202
Salary recovery	---	(6,245)	---
$	210,054 $	208,691 $	165,253

7. Payment of provincial portion of surplus to Province of Nova Scotia:

In fiscal 1998/99 the corporation transferred $1,500,000 of the Reserve Fund to the Province of Nova Scotia. This amount represented the Province's share of the Reserve Fund. The basis for the calculation was the portion of total Nova Scotia Municipal Finance Corporation loans made since its inception that were made to schools and hospitals. In exchange for the $1,500,000 payment, the Province recognized the remainder of the reserve as the municipal portion.

8. Taxes:

The corporation is not subject to provincial or federal taxes.

9. Change in non-cash working capital:

	2000	1999
Accrued interest receivable . . . . $	3,285,340 $	540,558
Other receivables	(7,333)	---
Accounts payable	12,221	3,955
Accrued interest payable	(3,338,126)	(571,333)
$	(47,898) $	(26,820)

10. Correction of error:

Subsequent to the issuance of the financial statements for the year ended March 31, 1999, the corporation discovered a calculation error relating to accrued interest payable. Accordingly, the March 31, 1999 financial statements have been restated to reflect the correct interest accrual. This resulted in an increase to the previously reported amounts for accrued interest payable and interest on debenture debt and short-term loans of $455,446 and a reduction in net revenue and Reserve Fund of the same amount.

The following table illustrates the impact of this restatement on the Reserve Fund:

	2000	1999 (As restated)
Reserve Fund, beginning of year:		
As previously reported . . . . $	4,935,729 $	5,804,619
Adjustment to reflect correction error	(455,446)	---
Reserve Fund, restated.	4,480,283	5,804,619
Net revenue.	23,887	175,664
Payment of provincial portion of surplus to Province of Nova Scotia	---	(1,500,000)
Reserve Fund, end of year. . . . .$	4,504,170 $	4,480,283

AUDITORS' REPORT

To the Chair and Members of the
Nova Scotia Police Commission

We have audited the balance sheet of the Nova Scotia Police Commission as at March 31, 2000 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
June 5, 2000

NOVA SCOTIA POLICE COMMISSION

Balance Sheet
March 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ ---	$ 25,877
Accounts receivable	7,124	2,928
Due from the Province of Nova Scotia	1,096	---
	8,220	28,805
Capital assets	3,858	8,464
	$ 12,078	$ 37,269
LIABILITIES		
Current		
Bank indebtedness	$ 1,127	$ ---
Payables and accruals	7,093	26,764
Due to Province of Nova Scotia	---	2,041
	8,220	28,805
SURPLUS		
Investment in capital assets (Note 3)	3,858	8,464
	$ 12,078	$ 37,269

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Statements of Operations and Surplus
Year Ended March 31, 2000

	2000	1999
Revenue		
Grant from the Province of Nova Scotia - gross	$ 267,464	$ 260,799
Refundable portion	—	(2,041)
Net grant	267,464	258,758
Interest and other revenue	6,254	5,144
	273,718	263,902
Expenses		
Commission		
Salaries, wages and benefits	151,157	129,142
Investigation services	35,357	30,960
Travel	13,230	21,290
Audit and legal	7,632	1,500
Office supplies and services	6,729	7,589
Telephone	4,789	5,310
Depreciation	4,606	4,606
Printing and copying	2,491	865
Equipment	2,015	2,143
Dues and fees	1,076	1,170
Repairs and maintenance	858	188
Transcription	470	—
Other expenses	158	378
Training - Police	—	14,432
	230,568	219,573
Review Board		
Salaries, wages and benefits	37,075	29,585
Travel	10,231	9,345
Dues and fees	450	—
Transcription	—	238
	47,756	39,168
	278,324	258,741
Operating (deficit) surplus	$ (4,606)	$ 5,161
Surplus, beginning of year	$ —	$ —
Operating (deficit) surplus	(4,606)	5,161
Transfer from (to) investment in capital assets for		
Depreciation	4,606	4,606
Capital asset acquisitions	—	(9,767)
	4,606	(5,161)
Surplus, end of year	$ —	$ —

See accompanying notes to the financial statements

NOVA SCOTIA POLICE COMMISSION

Statement of Capital Assets
Year Ended March 31, 2000

	Cost		Acummulated Depreciation			2000 Net Book	1999 Net Book
	Opening	Closing	Opening	Expense	Closing	Value	Value
Computer equipment	$ 12,961	$ 12,961	$ 7,485	$ 3,422	$ 10,907	$ 2,054	$ 5,476
Equipment	5,917	5,917	2,929	1,184	4,113	1,804	2,988
	$ 18,878	$ 18,878	$ 10,414	$ 4,606	$ 15,020	$ 3,858	$ 8,464

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Statement of Cash Flows
Year Ended March 31, 2000

	2000	1999
Increase (decrease) in cash		
Operating		
Operating (deficit) surplus . . . . $	(4,606) $	5,161
Depreciation	4,606	4,606
	---	9,767
Change in non-cash operating working capital (Note 5)	(27,004)	(34,037)
	(27,004)	(24,270)
Investing		
Purchase of capital assets	---	(9,767)
Decrease in cash.	(27,004)	(34,037)
(Bank indebtedness) Cash,		
Beginning of year	25,877	59,914
End of year . . . . $	(1,127) $	25,877

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Notes to the Financial Statements
March 31, 2000

1. Incorporation

The Nova Scotia Police Commission was incorporated pursuant to the Police Act of Nova Scotia, Chapter 348 of the Revised Statutes of Nova Scotia, 1989.

2. Summary of Significant Accounting Policies

a) General
These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Capital assets
Capital assets purchased by the Commission with a value greater than $1,000 and a useful life greater than one year will be capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Equipment	5 years

3. Investment in Capital Assets

	2000	1999
Balance, beginning of year	$ 8,464	$ 3,303
Capital asset acquisitions	---	9,767
Depreciation	(4,606)	(4,606)
Balance, end of year	$ 3,858	$ 8,464

4. Pensions

The full time employees of the Commission are entitled, as Civil Servants, to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability.

5. Supplementary cash flow information

Change in non-cash operating working capital

	2000	1999
Receivables	$ (4,196)	$ (2,633)
Payables	(19,671)	17,962
Due to province	(3,137)	(49,366)
	$ (27,004)	$ (34,037)

AUDITORS' REPORT

To the Board of Directors
Nova Scotia Power Finance Corporation

We have audited the statement of financial position of Nova Scotia Power Finance Corporation as at March 31, 2000 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Chartered Accountants

June 2, 2000

NOVA SCOTIA POWER FINANCE CORPORATION

(Formerly Nova Scotia Power Corporation - See Note 1)

Statement of Financial Position
as at March 31, 2000

NET ASSETS

		2000	1999 (in millions)
Notes receivable - Nova Scotia Power Inc. (Note 1)		$ ---	$ ---
Accrued interest due from Nova Scotia Power Inc.		---	---
		---	---
Less:	Long-term debt (Note 1)	---	---
	Accrued interest on long-term debt	---	---
		---	---
Net (Note 2)		$ ---	$ ---

Statement of Earnings and Retained Earnings
year ended March 31, 2000

	2000	1999 (in millions)
Revenue		
Interest on matching notes (Note 6)	$ ---	$ ---
Expenses		
Interest on long-term debt (Note 6)	---	---
Net earnings	---	---
Retained earnings, beginning of year	---	---
Retained earnings, end of year	$ ---	$ ---

NOVA SCOTIA POWER FINANCE CORPORATION

Notes to the Financial Statements
year ended March 31, 2000

1. REORGANIZATION AND PRIVATIZATION

In 1992, the Province of Nova Scotia passed legislation to facilitate the reorganization and privatization of the business of Nova Scotia Power Corporation (N.S.P.C.). In effecting this, pursuant to the Asset Transfer Agreement effective on August 10, 1992, N.S.P.C. transferred all of its existing assets, liabilities and equity except for long-term debt and related sinking funds to Nova Scotia Power Inc. (N.S.P.I.) in exchange for:

a) matching notes receivable equivalent to outstanding long-term debt, and matching notes payable equivalent to sinking fund assets; and

b) 20,134,666 fully paid common shares of N.S.P.I., issued to the Province of Nova Scotia, which were subsequently sold on August 12, 1992 by the Province of Nova Scotia as a secondary offering. Concurrently, the $13.3 million of contributed surplus of N.S.P.C. was transferred to the retained earnings of N.S.P.I.

Subsequent to the reorganization and privatization, the business activities of N.S.P.C. continued under N.S.P.I. N.S.P.C. changed its name to Nova Scotia Power Finance Corporation (N.S.P.F.C.) which continues to hold the long-term debt and sinking fund assets.

Under the terms of the matching notes receivable, N.S.P.I. is responsible for the long-term debt of N.S.P.F.C.

2. ACCOUNTING POLICIES

Pursuant to changes in the reporting requirements for financial instruments, issued by the Canadian Institute of Chartered Accountants and effective for the years ended March 31, 1998, and thereafter, there is a requirement to net offsetting Notes Receivable and Long-Term Debt, and related interest, where there is a legally enforceable right to set off the recognized amounts and where the corporation's management does intend to realize on the asset and, simultaneously, settle the liability. Management concurs, based on legal counsel opinion, that these conditions apply to Nova Scotia Power Finance Corporation and hence the assets, less offsetting liabilities, have been netted in the Statement of Financial Position.

3. DEFEASANCE ASSETS

The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Government and Utilities, Federal Government and Federal US bonds, coupons or residuals. The portfolio mix as of March 31, 2000 is as follows, based upon future cash flows:

Security Type	% of Portfolio
Nova Scotia Power Corp.	67.24
Other Provincial Government and Utilities	30.50
Federal Government	2.23
Federal US Government	0.03
	100.00

4. LONG-TERM DEBT

Bonds, debentures and notes payable are summarized by years of maturity in the following table:

Years of Maturity	Principal Outstanding Total	Weighted Average Coupon Rate %
March,2001	$ —	—
March, 2002	—	—
March, 2003	100,000	13.50
March, 2004	75,000	12.50
March, 2005	100,000	12.13
1-5 years	275,000	12.73
6-10 years	50,000	11.50
11-15 years	350,000	11.09
16-20 years	150,000	10.25
21-25 years	436,050	9.40
26-30 years	—	—
31-40 years	200,000	11.00
Total long-term debt (Schedule 1)	$1,461,050	$ 10.81

Details of long-term debt to March 31, 2000 are provided in Schedule 1 to the financial statements.

Series AA, AE, AF, and AG have call option dates prior to the maturity dates. Under the terms of the privatization agreements, the call options must be exercised.

5. DEBT DEFEASANCE

On reorganization, N.S.P.I. and N.S.P.F.C. committed, subject to certain conditions, to effect defeasance of N.S.P.F.'s long-term debt through repayment of the matching notes by December 31, 1998 in order to fully remove the debt from its Statement of Financial Position by that date. Defeasance requires qualifying assets to be set aside by the debtor to be used solely for satisfying scheduled future payments of principal and interest of a specific obligation.

Under the terms of the Defeasance Agreement, subject to certain factors, minimum amounts of debt to be defeased are as follows:

December 31	Annual Amount (in millions)
1993	$ 200.0
1994	300.0
1995	400.0
1996	250.0
1997	231.6
	$ 1,381.6

As at March 31, 2000, $1,461.1 million of debt has been defeased (1999 - $1,477.8 million) (Schedule 1).

6. General and Administrative Expenses

Under the terms of the privatization agreements, N.S.P.I. is responsible for the payment of all N.S.P.F.C. expenses. During the year, $29,054 of such expenses were incurred by N.S.P.F.C. and recovered by it from N.S.P.I.

NOVA SCOTIA POWER FINANCE CORPORATION

LONG TERM DEBT
as at March 31, 2000

Series	Date of Maturity		Call Date	Rate	Amount Outstanding	Defeasance To Date	Net Undefeased Balance
Debentures							
"AA"	July 15, 2005	(2)	July 15, 2000	11.50%	$ 50,000,000	$ 50,000,000	$ ---
"AE"	December 1, 2002	(2)	December 1, 2000	13.50%	100,000,000	100,000,000	---
"AF"	December 20, 2003	(2)	December 20, 2001	12.50%	75,000,000	75,000,000	---
"AG"	February 14, 2005	(2)	February 14, 2002	12.125%	100,000,000	100,000,000	---
"AH"	November 15, 2012		November 15, 2012	10.875%	150,000,000	150,000,000	---
"AJ"	April 27, 2014		April 27, 2014	11.25%	200,000,000	200,000,000	---
"AK"	January 10, 2020		January 10, 2020	10.25%	150,000,000	150,000,000	---
"AM"	February 26, 2031		February 26, 2031	11.00%	200,000,000	200,000,000	---
"AN"	April 1, 2021 (U.S.)	(1)	April 1, 2021	9.4%	436,050,000	436,050,000	---
Total long-term debt					$ 1,461,050,000	$ 1,461,050,000	$ ---

(1) Amounts payable in foreign currencies and those sinking fund investments denominated in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements($300,000,000 US$ converted @ 1.4535 as of March 31,2000).

(2) Callable issues. Under the terms of the privatization agreements, all options must be exercised.

NOVA SCOTIA POWER FINANCE CORPORATION

Continuity of Long-Term Debt
August 10, 1992 to March 31,2000

Long-term debt, August 10, 1992 (Note 1)	$ 2,152,879,732
Less: Sinking funds, August 10, 1992	(420,560,964)
Net long-term debt, August 10, 1992	1,732,318,768

Less: Retired, funded or defeased:

	Debt Retirement	Sinking Fund Growth	Defeasance	
Period ended March 31, 1993	$ (1,371,458)	$ (57,498,429)	$ (130,872,250)	(189,742,137)
Year ended March 31, 1994	(238,449,609)	69,597,333	(373,507,887)	(542,360,163)
Year ended March 31, 1995	(65,543,679)	70,132,288	(354,775,338)	(350,186,729)
Year ended March 31, 1996	(184,588,286)	146,494,758	(574,804,525)	(612,898,053)
Year ended March 31, 1997	(113,072,800)	87,986,602	(6,330,000)	(31,416,198)
Year ended March 31, 1998	(99,873,900)	103,848,412	(9,690,000)	(5,715,488)
Year ended March 31, 1999	27,780,000	—	(27,780,000)	—
Sinking fund instalments (NSPI)	—	—	—	—
Sinking fund earnings	—	—	—	—
Retirement of debentures	—	—	—	—
Transfer to defeasance	—	—	—	—
Retirement of savings bonds	—	—	—	—
Foreign currency translation	(16,710,000)	—	16,710,000	—
Year ended March 31, 2000	(16,710,000)	—	16,710,000	—
	$ (691,829,732)	$ 420,560,964	$ (1,461,050,000)	(1,732,318,768)

Net long-term debt, March 31, 2000	$ —

Comprised of:

Long-term debt (Schedule 1)	$ 1,461,050,000
Less: Sinking funds	—
Defeasance assets	(1,461,050,000)
	$ —

AUDITOR'S REPORT

To the Minister of Natural Resources; and

To the Chair and Members of the
Nova Scotia Primary Forest Products
Marketing Board

I have audited the balance sheet of the Nova Scotia Primary Forest Products Marketing Board as at March 31, 2000 and the statement of revenues, expenses and fund balance and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year than ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
August 3, 2000

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current		
Cash	$ 200	$ 200
Current portion of loan receivable (Note 3)	---	10,000
Due from processors	36,005	36,506
Due from Province of Nova Scotia	570,976	554,458
	607,181	601,164
Long-Term		
Loan receivable (Note 3)	---	20,000
	$ 607,181	$ 621,164

LIABILITIES AND FUND BALANCE

	2000	1999
Current		
Accounts payable	$ 3,816	$ 2,275
Due to bargaining agents	20,072	20,604
	23,888	22,879
Fund Balance	583,293	598,285
	$ 607,181	$ 621,164

Commitment (Note 4)

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Statement of Revenues, Expenses and Fund Balance
for the year ended March 31, 2000

	2000		1999
	Budget	Actual	Actual
Revenues			
Charges against suppliers (Note 1)		$ 286,658	$ 357,294
Less: Bargaining agents funding		148,295	197,933
Charges for funding of Board operations	$ 150,000	138,363	159,361
Interest on fund balance	30,000	35,833	33,088
Miscellaneous	---	---	642
	180,000	174,196	193,091
Expenses			
Bad debt expense	---	25,000	---
Board member per diems	17,000	19,000	20,625
Equipment and maintenance(Note 2)	7,000	8,868	---
Grants	25,000	17,199	19,000
Lease payments - equipment	2,500	1,574	2,223
Lease payments - office space	7,600	7,507	7,220
Legal fees	4,000	3,800	2,644
Other	6,500	3,460	2,670
Salaries	92,800	86,543	74,074
Supplies and services	8,750	4,932	5,220
Travel	31,400	11,305	14,416
	202,550	189,188	148,092
(Dificiency) Excess of revenues over expenses	$ (22,550)	(14,992)	44,999
Fund balance, beginning of year		598,285	553,286
Fund balance, end of year		$ 583,293	$ 598,285

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Statement of Canges in Financial Position
for the year ended March 31, 2000

	2000	1999
Cash derived from (applied to) operations		
(Deficiency) excess of revenues over expenses	$ (14,992)	$ 44,999
Changes in non-cash operating working capital items		
Loan receivable (Note 3)	5,000	10,000
Allowance for doubtful accounts (Note 3)	25,000	---
Due from Board members	---	3,600
Due from processors	501	(12,383)
Due from Province of Nova Scotia	(16,518)	(53,390)
Accounts payable	1,541	678
Due to bargaining agents	(532)	6,496
	14,992	(44,999)
Increase (decrease) in cash	---	---
Cash, beginning of year	200	200
Cash, end of year	$ 200	$ 200

NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Notes to Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Primary Forest Products Marketing Board was established by the Primary Forest Products Marketing Act.

The objectives of the Board are: to provide for the organization and funding of bargaining agents, to provide for the registration of bargaining agents, to provide for the resolution of bargaining disputes, to facilitate and support the continued development of the forest resources held by private woodlot owners, and to enable private woodlot owners to have a fair share of the available market and receive a reasonable return for the sale of primary forest products.

The Board imposes separate charges against producers of primary forest products for the purpose of providing funding of bargaining agents, and for funding the operations of the Board.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. In common with many small, not-for-profit organizations, the Board charges furniture and equipment acquisitions to expenses in the year of purchase. During the year ended March 31, 2000 the Board purchased furniture and equipment costing $8,868.

3. Loan Receivable

In November 1996, the Board provide a non-interest bearing loan of $40,000 to a wood lot owners organization. As of March 31, 2000 the loan had a remaining balance of $25,000, with payments of $5,000 owing twice a year. However, during the year the wood lot owners organization gave notice of winding up its operations pursuant to the Co-operative Association Act. Collection of the total loan outstanding is uncertain, and an allowance has been recorded equivalent to the whole balance, as follows.

		2000		1999
Loan receivable................................	$	25,000	$	30,000
Less: Allowance for doubtful accounts............		(25,000)		---
	$	---	$	30,000

4. Office Lease Commitment

The Board remits monthly payments of $731 to the Department of Transportation and Public Works for the rental of office space procured by the Department on the Board's behalf. The current lease expires september 30, 2004.

5. Pensions

All permanent employees of the Board are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Board's operating expenses.

AUDITORS' REPORT

To the Board of Trustees of the Nova Scotia Public Service Long Term Disability
Plan Trust Fund

We have audited the balance sheet of the Nova Scotia Public Service Long Term Disability Trust Fund as at March 31, 2000 and the statement of continuity of fund equity for the year then ended. These financial statements are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2000 and the continuity of the fund for the year then ended in accordance with generally accepted accounting principles.

LYLE TILLEY DAVIDSON
Chartered Accountants

June 15, 2000

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Balance Sheet
as at March 31, 2000

		2000		1999
ASSETS				
CURRENT ASSETS				
Cash	$	619,909	$	1,141,724
Accounts receivable - premiums		592,736		597,010
- EI premium rebates		49,198		95,425
- C.P.P. rebates		36,637		64,545
Goods and Services Tax receivable		97,793		97,793
Investments (note 4)		31,071,380		23,810,744
		32,467,653		25,807,241
CAPITAL ASSETS (note 5)		4,021		5,745
	$	32,471,674	$	25,812,986
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable - Province of Nova Scotia	$	667,199	$	1,532,445
- other		84,144		80,641
Deferred revenue		29,178		27,873
		780,521		1,640,959
FUND EQUITY				
FUND EQUITY		31,691,153		24,172,027
	$	32,471,674	$	25,812,986

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Statement of Continuity of Fund Equity
for the year ended March 31, 2000

	2000	1999
FUND INCREASES		
Premiums (note 6)	$ 10,337,801	$ 9,757,010
Investment income	7,836,520	29,254
EI premium rebates	954,409	1,054,552
Disability claim recoveries - subrogation	342,299	25,974
GST recovered	---	110,114
	19,471,029	10,976,904
FUND DECREASES		
Actuarial	64,199	77,450
Audit and accounting	17,077	21,465
Disability claims	11,059,566	10,880,454
Investment custodian	28,031	27,032
Investment manager	69,441	64,460
Legal - subrogation	32,362	26,859
- other	11,441	21,215
Office and sundry (note 7)	155,146	152,637
Operational review	20,700	---
Plan administration services	339,136	361,483
Rehabilitation program	154,804	140,440
	11,951,903	11,773,495
INCREASE (DECREASE) IN FUND EQUITY DURING THE YEAR	7,519,126	(796,591)
FUND EQUITY - BEGINNING OF YEAR	24,172,027	24,968,618
FUND EQUITY - END OF YEAR	$ 31,691,153	$ 24,172,027

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Notes to Financial Statements
for the year ended March 31, 2000

1. AUTHORITY AND ACTIVITIES

The fund was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the trustees.

2. EFFECTIVE DATES

The plan was established by Order in Council dated September 26, 1985.

The trust was established by Agreement and Declaration of Trust dated December 23, 1985.

Claimants' benefits became effective May 1, 1985 for employees who, at that time, met prescribed eligibility requirements.

3. ACCOUNTING POLICIES

Disability claims are recorded only for the qualifying disability periods to the date of the financial statements and no liabilities are recorded for future claim periods.

Marketable securities are stated at market value.

The fund records amortization of the capital assets at the annual rate of 30% using the declining balance method. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

4. INVESTMENTS

Investments include marketable securities, accrued interest thereon and the custodian's account balance. The investments as a March 31, 2000 are recorded at market value of $31,071,380 (cost - $22,684,152) and at March 31, 1999 were recorded at market value of $23,810,744 (cost - $20,587,550).

5. CAPITAL ASSETS

	2000			1999
	Cost	Accumulated amortization	Net	Net
Computer equipment . .	$ 18,366	$ 14,681	$ 3,685	$ 5,264
Software	3,068	2,732	336	481
	$ 21,434	$ 17,413	$ 4,021	$ 5,745

6. PREMIUMS

		2000		1999
Atlantic Provinces Resources Centres	$	41,001	$	38,637
Central Regional Health Services		144,928		137,209
Correctional officers		205,223		179,565
Department of Transportation		568,988		473,307
Eastern Regional Health Services		106,840		102,480
Northern Regional Health Services		62,481		57,050
Nova Scotia Government Employees Union		38,078		34,715
Nova Scotia Legal Aid		117,650		109,476
Nova Scotia Utility and Review Board		23,101		19,940
Other		19,358		9,963
Province of Nova Scotia Employees		7,144,613		6,584,569
Queen Elizabeth II		1,803,097		1,934,535
Victoria General Foundation		---		18,587
Western Regional Health Services		62,443		56,977
	$	10,337,801	$	9,757,010

7. OFFICE AND SUNDRY

		2000		1999
Amortization	$	1,724		2,374
Equipment rentals		3,123		3,229
Miscellaneous		23,127		15,996
Rent and taxes		12,995		11,753
Salaries and benefits		91,088		87,306
Supplies and postage		14,903		23,093
Telephone		4,503		5,137
Training		1,688		2,395
Vehicle allowance and travel		1,995		1,354
	$	155,146	$	152,637

8. ACTUARIAL VALUATION

The last actuarial valuation was completed as at March 31, 1997, which projected the present value of the fund liabilities for reported and estimated incurred but unreported claims to be $66,079,000. The actuarial value of the fund assets as at March 31, 1997 was $21,260,000, leaving an unfunded actuarial liability of $44,819,000.

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Nova Scotia Resources Limited as at December 31, 1999, and the consolidated statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Nova Scotia
March 10, 2000

NOVA SCOTIA RESOURCES LIMITED

Consolidated Balance Sheet
December 31, 1999, with comparative figures for 1998

ASSETS

	1999	1998 (in thousands)
Oil and gas properties (note 3)	$ 182,555	$ 96,384
Receivables and other assets (note 4)	1,896	8,231
Collateral deposits	---	245
Cash and short-term investments	5,303	4,632
Investment tax credits receivable	4,636	---
	$ 194,390	$ 109,492

LIABILITIES and SHAREHOLDER'S DEFICIENCY

	1999	1998
Commercial paper (note 5)	$ 349,151	$ 361,419
Short-term borrowing (note 6)	364,682	254,264
Provision for site restoration (note 7)	34,343	22,000
Payables and accruals	8,288	7,719
	756,464	645,402
Shareholder's deficiency:		
Capital stock:		
Authorized: 40,000 common shares without par value		
Issued and outstanding: 3 common shares	1	1
Deficit	(562,075)	(535,911)
	(562,074)	(535,910)
	$ 194,390	$ 109,492

Future operations (note 1)
Commitments (note 8)
Contingency (note 9)

See accompanying notes to financial statements.

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Loss and Deficit
Year ended December 31, 1999, with comparative figures for 1998

	1999	1998 (in thousands)
Revenue:		
Oil and gas revenue	$ 35,501	$ 61,208
Royalties	1,293	2,667
	34,208	58,541
Sundry income	772	---
	34,980	58,541
Expenses:		
Production	40,904	42,093
General and administrative	1,249	728
Depreciation and depletion	29,436	26,919
	71,589	69,740
Loss before financing cost and income taxes	36,609	11,199
Interest expense	26,385	29,825
Foreign exchange loss (gain)	(37,330)	34,510
Income taxes	500	250
Net loss	26,164	75,784
Deficit, beginning of year	535,911	460,127
Deficit, end of year	$ 562,075	$ 535,911

See accompanying notes to financial statements

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Cash Flows
year ended December 31, 1999, with comparative figures for 1998

	1999	1998 (in thousands)
Cash derived from (applied to):		
Operating:		
Net loss	$ (26,164)	$ (75,784)
Items not involving cash:		
Depreciation and depletion	29,436	26,919
Unrealized foreign exchange gain on commercial paper and short-term borrowing	(18,264)	(3,342)
	(14,992)	(52,207)
Changes in non-cash operating working capital items:		
Collateral deposits	245	(15)
Receivables and other assets	6,321	665
Payables and accruals	569	(13,069)
Income taxes receivable	(4,636)	—
	(12,493)	(64,626)
Financing:		
Increase (decrease) in commercial paper	(589)	47,559
Increase in short-term borrowing	117,003	109,427
	116,414	156,986
Investing:		
Expenditures on oil and gas properties	(115,593)	(92,599)
Increase in provision for site restoration	13,000	4,500
Payments for site restoration	(657)	—
	(103,250)	(88,099)
Increase in cash	671	4,261
Cash and short-term investments, beginning of year	4,632	371
Cash and short-term investments, end of year	$ 5,303	$ 4,632

See accompanying notes to financial statements.

Notes to Consolidated Financial Statements
year ended December 31, 1999

1. **Future operations:**

These financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company has short-term borrowing owing to the Province of Nova Scotia of $365 million and commercial paper of $349 million which is guaranteed by the Province of Nova Scotia. The Company's assumption of a going concern is based on the continued support and debt guarantee of its shareholder, the Province of Nova Scotia.

2. **Significant accounting policies:**

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Substantially, all of the Company's activities are conducted jointly with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

(b) Oil and gas properties:

The Company accounts for oil and gas properties in accordance with the Canadian accounting guideline on full cost accounting.

Under this method, all costs associated with the acquisition, exploration and development of oil and gas properties are capitalized in one cost centre. Depletion is calculated using the unit of production method based on gross proved reserves before royalties. A ceiling test is applied to ensure that the capitalized costs do not exceed the estimated future revenues, net of production, site restoration, administration and financing costs.

(c) Inventory:

Inventory, included in receivables and other assets, is valued at the lower of cost and market, where market is the current sales price on delivered oil and/or gas.

(d) Provision for site restoration:

The provision for future removal and site restoration costs for the Cohasset/Panuke project is based on current estimates and has been fully charged against income as part of depletion expense.

Provision for future removal and site restoration costs for the Sable Offshore Energy Project will be made based on estimated costs and will be charged to depletion over the life of the properties on a unit-of-production basis.

(e) Foreign currency translation:

Monetary items that are denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rates in effect at the balance sheet date. Exchange gains and losses arising on the translation of short-term foreign currency balances are recorded in the statement of loss. The Company does not have any long-term foreign currency balances.

(f) Revenue recognition:

Revenue from the oil and gas fields offshore Nova Scotia is recorded at current sales prices once the product is delivered.

3. Oil and gas properties:

The Company has the following interests in oil and gas fields offshore Nova Scotia:

	Cost	Accumulated Depletion	1999 Net Book Value	1998 Net Book Value
		(in thousands)		
Cohasset/Panuke Project -50% working interest....	$ 294,524	$ 294,524	$ ---	$ 8,952
Sable Offshore Energy Project -8.4% working interest....	181,214	37	181,177	86,656
Seismic Studies -Scotian Shelf...........	1,378	---	1,378	776
	$ 477,116	$ 294,561	$ 182,555	$ 96,384

During 1999, interest totaling $8.3 million (1998 - $0.5 million) has been capitalized to the cost of the Sable Offshore Energy Project.

During 1999, the Cohasset/Panuke project was completed. Accordingly, the remaining value of this property has been fully depleted.

In applying the ceiling test to its oil and gas reserves, the Company used forecasted commodity prices at December 31, 1999 to determine the net recoverable amount from its oil and gas activities. The Company compared this net recoverable amount to the carrying value of the oil and gas properties and has determined that no write down is required.

The Company will be providing a fixed and floating charge security on the real and personal property comprising the Sable Offshore Energy Project to secure its performance of its obligations under the Sable Offshore Project agreements.

4. Receivable and other assets:

	1999	1998
		(in thousands)
Accounts receivable, trade..........................	$ 44	$ 170
Inventory..	---	4,353
Prepaid expenses..................................	369	347
Receivable - J.V. partner............................	239	3,312
Receivable - Offshore Infrastructure Fund.................	1,200	---
Other assets...	44	49
	$ 1,896	$ 8,231

5. Commercial paper:

In 1986 the Company established a Euro Commercial Paper Programme under which it issues short-term notes to an aggregate principal amount not exceeding US $250 million. These notes are denominated in US dollars and the principal balance outstanding at December 31, 1999 was US $242 million (1998 - $203 million). The average coupon rate for issuances in the year was 5.79% (1998 - 5.38%). At December 31, 1999, the rate for new issues in the three month term was approximately 6.05% (1998 - 5.6%).

To support the Euro Commercial Paper Programme, the Company has arranged a demand credit facility which provides committed bank funding to US $250 million. The principal balance outstanding at December 31, 1999 was $Nil (1998 - US $33 million).

Payment of principal and interest under the Euro Commercial Paper Programme and the demand credit facility are guaranteed by the Province of Nova Scotia.

6. Short-term borrowing:

The short-term notes have face values totalling US $222 million(1998 - $166 million) and CDN $44 million (1998 - $Nil) payable to the Province of Nova Scotia. The US$ notes bear interest at an effective rate of between 5.83% and 6.10%, with a weighted average rate of 6.02%. The CDN$ notes bear interest at an effective rate of between 4.91% and 5.06%, with a weighted average rate of 4.99%. The notes have maturity dates ranging from January 25, 2000 through February 28, 2000. Upon maturity the notes will be refinanced at the then current rates of interest available to the Province of Nova Scotia.

7. Provision for site restoration - measurement uncertainty:

The carrying value of the provision for site restoration costs for the Cohasset/Panuke Project is based on an abandonment study conducted by an independent third party. The actual costs will be determined when the extent of the site restoration is approved by the Canada - Nova Scotia Offshore Petroleum Board. The Company's share of the cost of site restoration, based on the option chosen, is estimated to range between $30 million and $40 million.

As evidence of financial responsibility regarding the abandonment of the Cohasset/Panuke Project, the Company has issued a demand promissory note to the Canada-Nova Scotia Offshore Petroleum Board in the amount of $17.5 million. This note is guaranteed by the Province of Nova Scotia.

8. Commitments:

The Company has committed to certain payments over the next five years as follows (in thousands of dollars):

	2000	2001	2002	2003	2004
Equipment leasing and drilling commitments for the Sable Offshore Energy Project . . .	$ 19,400	$ 7,300	$ 7,300	$ 6,200	$ 900
Cohasset/Panuke Project site restoration	25,600	8,000	---	---	---
Natural gas transportation	23,600	23,600	23,600	23,600	23,600
Other	200	200	200	200	200
Total	$ 68,800	$ 39,100	$ 31,100	$ 30,000	$ 24,700

The obligations of the Company relating to natural gas transportation have been fully guaranteed by the Province of Nova Scotia.

The amounts shown above for Cohasset/Panuke Project site restoration are included in the provision for site restoration in the balance sheet.

9. Contingency:

The Company and the Government of Nova Scotia have been named in a claim by TransCanada Pipelines Limited for allegedly breaching the terms of a Memorandum of Agreement dated March 1983 that was to have secured their interest in any future developments in the natural gas fields around Sable Island. TransCanada Pipelines Limited has invested $18 million in the development of the regional pipeline project and has stated that it does not intend to abandon this investment nor the opportunities contemplated in the Memorandum of Agreement. The Company has filed its defense of the claim and the magnitude and likelihood of any loss is currently indeterminable.

10. Financial instruments:

(i) Risk management activities

The Company operates internationally and has significant exposure to fluctuation in the US dollar, interest rates and oil and gas prices.

At December 31, 1999 a total of $670 million (1998 - $616 million) of liabilities are denominated in US dollars. In addition, substantially all of the oil and gas revenue is subject to fluctuation of US currency.

The Company has not entered into any foreign exchange contract or interest rate swap agreements to manage its exposure to foreign currency and interest rate fluctuations on its US dollar denominated liabilities.

The Company has not entered into any oil and gas futures or foreign exchange contracts to hedge anticipated sales.

(ii) Interest rate risk

At December 31, 1999 the increase or decrease in annual net earnings for each one percent change in interest rate on floating rate debt and short-term fixed debt amounts to $7.1 million (1998 - $6.1 million).

(iii Foreign exchange risk

For the 1999 fiscal year, the increase or decrease in annual net earnings for each one cent change in the Canadian dollar, relative to the US dollar, on oil and gas revenue, US denominated liabilities and interest expense amounts to $9.7 million (1998 - $9.1 million).

(iv) Concentration of credit risk

All of the Company's accounts receivable-trade are with customers in the oil and gas industry and are subject to normal industry credit risks.

(v) Fair Values

The fair value of the Company's receivables and other assets, collateral deposits, cash and short-term investments, payables and accruals and commercial paper and short-term borrowings approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

11. Income taxes:

As a Crown corporation, the Company is not taxable under the provisions of the Income Tax Act of Canada.

The Company's oil and gas operations are conducted through a subsidiary, Nova Scotia Resources (Ventures) Limited. This subsidiary is a taxable corporation and has approximately $808 million (1998- $655 million) of deductions available to reduce future taxable income. The tax benefit related to the deductions has not been recognized in these financial statements.

During 1999, refundable investment tax credits totaling $4.9 million (1998 $Nil) were earned by Nova Scotia Resources (Ventures) Limited and have been recorded as a reduction in the cost of the Sable Offshore Energy Project.

12. Related party transactions:

The Company paid $272,453 (1998 -$347,399) in consulting fees to Directors of the Company for specialized oil and gas consulting, primarily related to the Sable Offshore Energy Project. The transactions are in the normal course of operations and are measured at fair market value.

13. Supplement cash flow information:

	1999	1998
	(in thousands)	
Cash paid for:		
Interest	$ 24,956	$ 29,323
Income taxes	---	248
Cash received for interest	507	627

14. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

AUDITOR'S REPORT

To the Chairman and Members of the
Nova Scotia Talent Trust

I have examined the statements of financial position of the Nova Scotia Talent Trust Operating Fund and Investment Fund as at March 31, 2000 and the statements of revenues, expenses and fund balances for the year then ended. These financial statements are the responsibility of the Trust's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many similar organizations, the Trust derives revenue from fund raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Trust and I was not able to determine whether any adjustments might be necessary to fund raising and donation revenues, excess of revenues over expenses, assets and Trust equity.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the fund raising and donation revenues referred to in the preceding paragraph, these financial statements present fairly in all material respects, the financial position of the Trust as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R.Salmon, FCA
Auditor General

Halifax, Nova Scotia
September 15, 2000

NOVA SCOTIA TALENT TRUST

Operating Fund Balance Sheet
as at March 31, 2000

ASSETS	2000	1999
Current		
Cash	$ 7,364	$ 6,187
Investments	5,000	—
Accrued interest	158	—
	$ 12,522	$ 6,187
LIABILITIES		
Accounts payable	$ 1,725	$ —
Due to Investment Fund	—	441
	1,725	441
FUND BALANCE		
Fund Balance - unappropriated	10,797	5,746
Total Liabilities and Fund Balances	$ 12,522	$ 6,187

Investment Fund Balance Sheet
as at March 31, 2000

ASSETS	2000	1999
Current		
Cash	$ —	$ 6,193
Short-term investments, at cost (Note 2)	38,349	20,492
Due from Operating Fund	—	441
Accrued interest	486	689
	38,835	27,815
Long-term investment, at cost (Note 2)	6,373	12,168
	$ 45,208	$ 39,983
FUND BALANCE		
Fund Balance - appropriated	$ 45,208	$ 39,983

NOVA SCOTIA TALENT TRUST

Operating Fund
Statement of Revenues, Expenses and Fund Balance
for the year ended March 31,2000

	2000	1999
Revenues		
Grant - Province of Nova Scotia	$ 50,000	$ 50,000
Fund-raising activities (donations)	15,173	2,314
Interest income	983	727
	66,156	53,041
Expenses		
Talent Trust grants	53,300	49,800
Administration expenses (Note 3)	4,605	2,069
	57,905	51,869
Excess of revenues over expenses	8,251	1,172
Fund Balance, beginning of period	5,746	7,074
Transfer to Investment Fund	(3,200)	(2,500)
Fund Balance, end of period	$ 10,797	$ 5,746

Investment Fund
Statement of Revenues, Expenses and Fund Balance
for the year ended March 31, 2000

	2000	1999
Revenues		
Interest earned - investment fund	$ 2,025	$ 1,587
Expenses	—	—
Excess of revenues over expenses	2,025	1,587
Fund Balance, beginning of period	39,983	35,896
Transfer from Operating Fund	3,200	2,500
Fund Balance, end of period	$ 45,208	$ 39,983

NOVA SCOTIA TALENT TRUST

Notes to Financial Statements
March 31, 2000

1. Authority

The Nova Scotia Talent Trust was established pursuant to a special resolution of the Nova Scotia Companies Act. The purpose of the Trust is to assist in the education and advancement of Nova Scotians in the visual and performing arts.

2. Investments

Investments consist of Royal Bank Guaranteed Investment Certificates and two Royal Bank Mutual Funds - Royfund Canadian Money Market and Royfund Balanced Mutual.

3. Administrative Expenses

These financial statements do not reflect administrative expenses incurred by the Provincial Department of Education and Culture on behalf of the Trust.

4. Statment of Cash Flow

A Statement of Cash Flow is not provided as disclosure in the balance sheets and statements of revenues, expenses and fund balance is considered adequate.

AUDITOR'S REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and
To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Teachers' Pension Fund as at December 31, 1999 and the Statement of Changes of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at December 31, 1999 and changes in net assets available for benefits for the period then ended in accordance with accounting principles generally accepted in Canada.

E. R. Salmon, F. C. A.
Auditor General

Halifax, Nova Scotia
June 16, 2000
(Except for notes 5 and 6 which are as of November 21, 2000)

NOVA SCOTIA TEACHERS' PENSION FUND

Statement of Net Assets Available for Benefits
and Accrued Pension Benefits
as at December 31, 1999

	December 31 1999	March 31 1999 (in thousands)
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Investments (Note 4)	$ 3,365,834	$ 2,861,041
Receivable from School Boards (Note 1)	175,500	194,518
Contributions receivable		
Employees'	894	2,529
Employers'	3,745	6,764
Accrued income	14,463	21,639
Net investment transactions outstanding	3,458	—
Cash	2,523	1,546
Total Assets	$ 3,566,417	$ 3,088,037
Liabilities		
Net investment transactions outstanding	$ —	$ 1,033
Accounts payable	20,248	19,165
Total liabilities	20,248	20,198
Net assets available for benefits	3,546,169	3,067,839
Actuarial asset value adjustment (Note 5)	56,955	65,931
Actuarial value of net assets available for benefits	$ 3,603,124	$ 3,133,770
ACCRUED PENSION BENEFITS AND DEFICIENCY		
Accrued pension benefits (Note 6)	$ 3,778,237	$ 3,664,669
Deficiency (Note 6)	(175,113)	(530,899)
Accrued pension benefits and deficiency	$ 3,603,124	$ 3,133,770

See accompanying notes to financial statements.

NOVA SCOTIA TEACHERS' PENSION FUND

Statement of Changes in Net Assets Available for Benefits for nine months ended December 31, 1999 (with 12 months ended March 31, 1999)

	9 months 1999	12 months 1999 (in thousands)
Increase In Assets		
Investment activities (Note 4)	$ 528,011	$ (37,981)
Interest on receivable from School Boards	11,321	13,778
	539,332	(24,203)
Contributions		
Employers' - matched	36,182	46,027
Employees' - matched	36,182	46,027
Employers' - unmatched		
- School Boards	---	28,834
- Province	10,947	13,772
Employees' - unmatched	665	870
Transfers from other pension plans	853	854
	84,829	136,384
Total increase in assets	624,161	112,181
Decrease In Assets		
Benefits paid	138,539	183,995
Operating expenses (Note 7)	5,354	6,278
Refund of contributions and interest	1,727	1,575
Transfers to other pension plans	211	1,187
Total decrease in assets	145,831	193,035
Increase (Decrease) in Net Assets	478,330	(80,854)
Net Assets Available for Benefits at Beginning of Year	3,067,839	3,148,693
Net Assets Available for Benefits at End of Year	$ 3,546,169	$ 3,067,839

See accompanying notes to financial statements.

NOVA SCOTIA TEACHERS' PENSION FUND

Notes to Financial Statements
December31, 1999

1. Authority and Description of Plan

The Teachers' Pension Fund was established by the Teachers' Pension Act. It is the funding vehicle for the Teachers' Pension Plan, a pension plan which covers public school and some community college teachers. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 8.3% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 9.9% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay are increased on January 1 of each year at a rate equal to the increase in the Consumers Price Index for Canada less 1%, to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- 35 years of service;
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85";
- age 55 with two years of service (reduced pension);
- age 60 with 10 years of service;
- age 65 with two years of service.

On July 22, 1994, the Governor in Council authorized an early retirement program (ERP) for plan members. Each employing school board was required to pay into the Teachers' Pension Plan an amount in respect of each eligible teacher in the employ of the school board who retired in accordance with these regulations. At December 31, 1999 the balance outstanding was $175,500,000 (March 31, 1999 - $194,518,000) which is repayable over 9 years and bears interest at 8%.

The fiscal year end of the Teachers' Pension Plan has been changed to coincide with the calendar year effective December 31, 1999. This brings the Fund into conformity with pension industry practice allowing effective comparison of the Funds performance with industry data published by the Pension Industry Association of Canada.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

(b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) Investments

(i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

(ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.

(iii) Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of $86.5 million (2.4% of Total Assets) as at December 31, 1999.

3. Agreement to Address Unfunded Liability

On November 25, 1993 the Teachers' Pension Act was amended to incorporate the terms of an agreement signed May 13, 1993 between the Nova Scotia Teachers' Union and the Province of Nova Scotia to address the unfunded liability in the Teachers' Pension Plan.

As part of this agreement the Province assumed responsibility for $300 million of the unfunded liability. This receivable had an effective annual interest rate of 8% compounded semi-annually and payments were set out in Schedule A of the Teachers' Pension Act. On July 18, 1997 the Province paid the outstanding principal of this commitment ($283,603,788) plus interest accrued to that date.

The Province also agreed to make payments over a ten year period equal to $10 million per year in 1993, increased by 7.5% per year. This commitment is set out in Schedule B of the Teachers' Pension Act.

4. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employer. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) Market value of investments and related income before allocating the effects of derivative contracts.

	as at December 31, 1999 Assets	%	9 months Income * (Loss)	as at March 31, 1999 Assets	%	12 months Income * (Loss)
			(in thousands)			
Money market.	$ 343,312	10.2%	$ 13,974	$ 286,670	10.0%	$ 11,681
Fixed income. .	948,634	28.2%	(13,005)	991,449	34.7%	66,168
Equities						
- Cdn	1,229,854	36.5%	282,722	956,800	33.4%	(117,577)
- US	289,200	8.6%	6,525	289,968	10.1%	25,468
- Other foreign . .	524,577	15.6%	188,230	339,191	11.9%	25,350
Derivatives . . .	30,257	0.9%	49,506	(3,037)	(0.1)%	(49,118)
Other	—	—	59	—	—	47
	$ 3,365,834	100.0%	$ 528,011	$ 2,861,041	100.0%	$ (37,981)

- Includes realized gains of $126.7 million ($173.4 - 1999 - 12 months) and unrealized gains of 302.7 million ($289.3 million - 1999 - 12 months).

(b) Derivative contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. Section (f) of this notes provides a summary of these contracts as at December 31, 1999.

The following provides details of the derivative money market-to-equity swap contracts outstanding as at December 31, 1999. Notional amounts of these derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and the market value of the contracts are determined. These contracts are donominated in Canadian dollars and are reset quarterly.

Notional Principal	Original Term	Credit Rating of Counter-party	Equity Index (in thousands)	BA Index	Market Value
$ 15,720	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	$ 2,300
56,148	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	3,821
49,148	1.3 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,718
46,527	2.0 yrs	AA(low)	TSE100	CAD-BA-CDOR	9,766
49,341	3.0 yrs	AA(low)	TSE100	CAD-BA-CDOR	11,688
$ 216,884					$ 30,293

(c) Market value of investments and related income after allocating the effect of derivative contracts.

	as at December 31, 1999 Assets	%	9 months Income * (Loss)	as at March 31, 1999 Assets	%	12 months Income * (Loss)
			(in thousands)			
Money market.	$ 124,975	3.7%	$ 6,233	$ 92,288	3.2%	$ 2,145
Fixed income. .	948,634	28.2%	(13,005)	991,449	34.7%	66,168
Equities						
- Cdn	1,478,448	43.9%	339,969	1,148,145	40.1%	(141,830)
- US	289,200	8.6%	6,525	289,968	10.1%	10,065
- Other foreign . .	524,577	15.6%	188,230	339,191	11.9%	25,424
Other	---	---	59	---	---	47
	$ 3,365,834	100.0%	$ 528,011	$ 2,861,041	100.0%	$ (37,981)

- Includes realized gains of $126.7 million ($173.4 - 1999 - 12 months) and unrealized gains of $302.7 million ($289.3 million - 1999 - 12 months).

(d) Interest rate risk

Interest rate risk refers to the fact that the plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the Plan has established a policy asset mix of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At December 31, 1999 the $948,634,000 fixed income securities had a modified duration of 5.34 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.34%.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rate spreads or other economic fundamentals.

The Plan's foreign currency exposure as at December 31, 1999 is summarized in the following table.

Currency	Exposure (in thousands)
Canada	$ 2,560,069
Eurozone	141,551
Japan	159,241
United Kingdom	42,558
United States	343,288
Other	136,113
Total	$ 3,382,820

5. Actuarial Asset Value Adjustment

The actuarial asset value adjustment is comprised of the present value of future payments under Schedule B of the Teachers' Pension Act. As at December 31, 1999, the present value of these future payments was $56,955,000 (March 31, 1999 - $65,931,000).

6. Actuarial Valuation

Actuarial valuations of the Teachers' Pension Fund are required every three years by the Teachers' Pension Act (TPA), and provide an estimate of the accrued pension benefits (fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. A formal valuation, carried out by the Plan's consulting actuaries Morneau Sobeco, indicated that the plan had an unfunded liability of $175.1 million as at December 31, 1999 and reported upon in November 2000.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected five year average salary at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determining the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation were as follows:

	Valuation December 31, 1999	Valuation July 31, 1998
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% per annum real plus merit ranging from 0.25% to 1.5% based on age	0.5% per annum real plus merit ranging from 0.25% to 1.5% based on age
Real Rate of Return on Investments	4.25% per annum	4.33% per annum
Average Retirement Age		
- Retire at earliest age for an unreduced pension	60%	60%
- Retire at age 65 or with 35 years of service	40%	40%
Mortality	1983 Group Annuity Table (with one-year age setback)	1983 Group Annuity Table (with no age setback)

The impact of the changes in actuarial assumptions used for the 1999 valuation as compared to the 1998 valuation:

- The assumed real rate of return (net of money management fees) was reduced from 4.33% to 4.25%, increasing the reported value of accrued liabilities by approximately $36.3 million; and

- The mortality assumption was changed by adding a one-year age setback to the 1983 Group Annuitant Mortality (with the 10% margin at each age) that was used previously. This change increased the reported value of accrued liabilities by approximately $66.5 million.

7. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	9 months ended December 31 1999	12 months ended March 31 1999
	(in thousands)	
Investment management fees	$ 4,439	$ 5,003
Professional services	60	142
Salaries	467	592
Supplies and services	333	476
Travel	19	8
Other	36	57
	$ 5,354	$ 6,278

AUDITORS' REPORT

To the Chair and Members of the
Nova Scotia Utility and Review Board

We have audited the balance sheet of the Nova Scotia Utility and Review Board as at March 31, 2000, and the statements of operations, accumulated surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000, and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Halifax, Nova Scotia
June 5, 2000

NOVA SCOTIA UTILITY AND REVIEW BOARD

Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Cash	$ 137,623	$ ---
Short term investments (Note 3)		
Board operations	265,597	1,388,319
War Service pension	179,861	155,403
Accounts receivable (Note 4)	1,181,372	159,599
Prepaids	---	4,894
Inventory (Note 5)	3,954	2,684
	1,768,407	1,710,899
Service award advances	12,376	12,423
Capital assets.	100,867	83,164
	$ 1,881,650	$ 1,806,486

LIABILITIES

	2000	1999
Current		
Bank indebtedness	$ ---	$ 19,671
Payables and accruals	369,279	235,934
Deferred revenue (Note 6)	---	241,615
	369,279	497,220
Long term		
War Service pension liability (Note 7)	179,861	155,403
Public service award liability (Note 8)	275,192	268,893
Advances for working capital (Note 9)	125,000	125,000
	580,053	549,296
	949,332	1,046,516
Surplus (Note 2)		
Province of Nova Scotia	642,748	533,135
Utilities	289,570	226,835
	932,318	759,970
	$ 1,881,650	$ 1,806,486

Commitment (Note 11)

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Operations
Year Ended March 31, 2000

	2000	1999
Revenue		
Grant from the Province of Nova Scotia (Note 2)	$ 2,407,825	$ 2,407,539
Assessments to utilities (Note 2)	1,379,293	915,288
Recoveries (Note 10)	82,557	145,790
Interest	46,144	41,993
	3,915,819	3,510,610
Expenses		
Salaries, wages and benefits	2,364,472	2,078,980
Consulting and legal fees	485,521	335,915
Rent and business taxes (Note 11)	439,970	361,493
Travel	165,964	180,960
Depreciation	51,609	87,539
Telephone and facsimile	42,324	31,759
Maintenance	35,521	33,309
Dues and fees	32,857	26,402
Equipment (Note 3)	27,105	39,050
Transcribing and printing	24,247	22,120
Office supplies and services	23,043	33,958
Advertising	17,843	16,866
Books and reports	13,240	17,785
Postage and couriers	9,626	10,275
Staff training and development	5,572	5,671
Sundry expenses	4,557	10,774
	3,743,471	3,292,856
Operating surplus for the year	$ 172,348	$ 217,754

Statement of Accumulated Surplus
Year Ended March 31, 2000

	2000		
	Province of Nova Scotia	Utilities	Total
Balance, beginning of year	$ 533,135	$ 226,835	$ 759,970
Operating surplus for year	109,613	62,735	172,348
Balance, end of year	$ 642,748	$ 289,570	$ 932,318

	1999		
	Province of Nova Scotia	Utilities	Total
Balance, beginning of year	$ 396,922	$ 145,294	$ 542,216
Operating surplus for year	136,213	81,541	217,754
Balance, end of year	$ 533,135	$ 226,835	$ 759,970

See accompanying notes to the financial statements

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Capital Assets
Year ended March 31, 2000

	Cost				Accummulated Depreciation				2000	1999
	Opening	Additions	Deletions	Closing	Opening	Expense	Deletions	Closing	Net Book Value	Net Book Value
Funiture	$ 130,640	$ 20,395	$ ---	$ 151,035	$ 111,424	$ 4,726	$ ---	$ 116,150	$ 34,885	$ 19,216
Computer Equipment	140,447	4,294	---	144,741	80,604	35,211	---	115,815	28,926	59,843
Computer software	2,151	2,524	---	4,675	1,434	1,559	---	2,993	1,682	717
Equipment	13,119	42,099	---	55,218	9,731	10,113	---	19,844	35,374	3,388
Leaseholds	101,868	---	101,868	---	101,868	---	101,868	---	---	---
Total	$ 388,225	$ 69,312	$ 101,868	$ 355,669	$ 305,061	$ 51,609	$ 101,868	$ 254,802	$ 100,867	$ 83,164

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Cash Flows
Year Ended March 31, 2000

Increase (decrease) in cash and cash equivalents	2000	1999
Operating		
Operating surplus	$ 172,348	$ 217,754
Depreciation	51,609	87,539
	223,957	305,293
Change in non-cash operating working capital (Note 12)	(1,126,372)	331,898
	(902,415)	637,191
Financing		
Increase (decrease) in War Service pension liability	24,458	(13,558)
Increase in Public service award liability	6,299	171,685
	30,757	158,127
Investing		
Decrease (increase) in short term investments	1,098,264	(604,412)
Purchase of capital assets	(69,312)	(78,190)
Disposal of capital assets	---	14,073
	1,028,952	(668,529)
Net increase in cash	157,294	126,789
Cash (bank indebtedness)		
Beginning of year	(19,671)	(146,460)
End of year	$ 137,623	$ (19,671)

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Notes to the Financial Statements
March 31, 2000

1. Incorporation

The Nova Scotia Utility and Review Board was created on December 14, 1992, through the proclamation of the Utility and Review Board Act, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

2. Authority

The Nova Scotia Utility and Review Board has those functions, powers and duties conferred upon it through Section 4 of the Utility and Review Board Act. Section 15(1) of the Public Utilities Act requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Sections 31 and 41 of the Gas Distribution Act allow the Board to set fees and award costs for activities relating to that Act. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

3. Summary of significant accounting policies

a) General
These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector.

b) Short term investments
Short term investments are valued at cost plus interest accrued to year end, which approximates market value.

c) Capital assets
Capital assets purchased by the Board with a value greater than $1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Furniture	10 years
Computer equipment	3 years
Computer software	3 years
Equipment	5 years
Leasehold	the lesser of 5 years or the remaining life of the lease

4. Accounts receivable

	2000	1999
Province of Nova Scotia	$ 52,879	$ 9,627
Public Utilities	1,120,365	45,407
Other	8,128	104,565
	$ 1,181,372	$ 159,599

5. Inventory

Inventory consists of Daily Bus Inspection books held for resale. Cost is determined using the first-in, first-out method of valuation.

6. Deferred revenue

During the prior year, the Board received fees from applicants to defray expenses relating to hearings concerning natural gas distribution rights. As the hearings were incomplete and total costs could not be reasonably estimated as of March 31, 1999, revenues sufficient to offset expenses incurred to date were recognized and the balance deferred to the current fiscal year.

Applicant fees	$	500,000
Hearing expenses as at March 31, 1999		268,385
Balance deferred		231,615
Other deferrals		10,000
	$	241,615

7. Pensions

Public service superannuation fund

Pursuant to Section 10 of the Utility and Review Board Act, all full time employees of the Board are entitled to receive pension benefits under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Board is not responsible for any unfunded liability.

War Service pension liability

Employees of the Board are entitled to purchase service credits for certain years of war service. Increases in an employee's pension as a result of the purchase of war service credits are the responsibility of the Board and are billed to the Board as pensions are paid. Employee pension contributions are used to defray future obligations for war service credits. The Board of Commissioners of Public Utilities, one of the predecessor boards, transferred its war service liability to the Nova Scotia Utility and Review Board on consolidation. An actuarial review was peformed in 2000 which indicated that an additional $38,238 was needed to recognize an increase in the present value of pension benefits. That amount was fully amortized into the fund in the current year.

		2000		1999
The status of the liability account is as follows:				
Employee contributions	$	44,311	$	44,311
Accumulated interest		134,443		127,207
Board contributions		178,818		140,580
		357,572		312,098
Less: pension payments to date		177,711		156,695
	$	179,861	$	155,403

8. Public service award liability

The Board follows the provisions of the Civil Service Act with respect to the payment of public service awards to retiring employees. The Board is responsible for the funding and eventual payment of these awards.

In 1998 and prior years, the estimate was based on a general accrual of 1% of gross salary plus a specific accrual for those eligible to retire. The public service award expense is included in salaries, wages and benefits. In 1999, the accrual was changed to be based on a calculation of the specific liability for each employee given current salary and service.

9. Advances for working capital

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

		2000		1999
Province of Nova Scotia	$	125,000	$	125,000

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the Public Utilities Act. The advance is non-interest bearing, with no set terms of repayment.

10. Recoveries

Consultants are engaged by the Board pursuant to the Public Utilities Act to provide advice related to utility administration and expert evidence during hearings. Consulting fees for specific hearings may, in some cases, be recovered directly from the public utilities involved.

The Board also recovers certain transcription, copying and other expenses from various sources.

11. Commitments

The Nova Scotia Utility and Review Board has entered into an agreement to lease its premises until October 31, 2009. The annual rent of premises consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, not including common costs, in aggregate and for each of the next five years is as follows:

2001	$	202,342
2002		202,342
2003		202,342
2004		205,353
2005		209,569
Subsequently		750,954
	$	1,772,902

Approximately 1000 square feet of the Board's premises has been sublet to the Department of Transportation and Public Works for space occupied by the Nova Scotia Police Commission.

12. Supplemental cash flow information

Change in non-cash operating working capital

		2000		1999
Receivables	$	(1,021,773)	$	2,070
Prepaids		4,894		(1,145)
Inventory		(1,270)		7,143
Service award advances		47		(12,423)
Payables and accruals		133,345		94,638
Deferred revenue		(241,615)		241,615
	$	(1,126,372)	$	331,898

Unaudited

NOVACO LIMITED

Balance Sheet
as at March 31, 2000

		2000		1999
Assets				
Current Assets				
Bank	$	26,458	$	564,416
Accrued interest		20,983		---
Investments				
Term deposit		537,958		—
Total Assets	$	585,399	$	564,416
Liability & Equity				
Current Liabilities				
Accounts payable	$	288	$	216
Long Term Liabilities				
Deferred provincial grant		---		332,905
Total Liabilities		288		333,121
Equity				
Capital Stock		5,000		5,000
Earnings				
Beginning retained earnings		226,295		204,883
Current earnings		353,816		21,412
Ending Retained Earnings		580,111		226,295
Total Equity		585,111		231,295
Total Liabilities/Equity	$	585,399	$	564,416

Income Statement
for the fiscal year ended March 31, 1999

		2000		1999
Revenue				
Natural Resources, Minerals & Energy Branch	$	332,905	$	—
Investment income		20,983		21,484
Total revenue		353,888		21,484
Expenses				
Corporate registration		72		72
Total Expenses		72		72
Net Income	$	353,816	$	21,412

NOVACO LIMITED

Notes to Financial Statements
March 31, 2000

1. Authority

Novaco Limited was incorporated under the Nova Scotia Companies Act in 1970. The Company provides an advisory role to Government with respect to all current and proposed coal mining operations, and may undertake surface coal mining operations that the Government wishes to undertake on its own behalf in the Province.

2. Accounting Policy

Land acquisition costs

All costs relating to land acquisition are expensed as project development costs in the year in which they are incurred.

3. Deferred Provincial Grant

The company has received $883,900 from the Province of Nova Scotia for the purpose of acquiring surface rights for new coal mining projects.

Details for these grants are as follows:

	2000	1999
Received to date	$ 883,900	$ 883,900
Expenditures to date	550,995	550,995
Repayment of outsanding Balance, April 1, 2000	332,905	—
Balance , end of year	$ —	$ 332,905

4. Land Reclamation Costs

The Articles of Association of the company require that a reclamation fund be established, separate from the operating accounts of the company, for the reclamation of lands disturbed by mining operations.

5. Future Operations

Novaco Limited has closed its office in Sydney Mines, Nova Scotia, has disposed of all of its fixed assets and is operating in a nominal manner. At the fiscal year end, the company was not engaged in any near-surface mining or reclamation operations and there were no approved sites for future operations. Novaco Limited's Take or Pay Agreement with Curragh Resources Inc. is no longer in effect due to the cancellation of the purchase and sale of coal contract between the Nova Scotia Power Corporation and Curragh Resources Inc.

Unaudited

NOVACO LIMITED

Investment Income
for the year ending March 31, 2000

Purchase Date	Maturity Date	# Days	Interest Rate	Principal	Value Maturing	Interest	Total Interest
May 4, 1999	May 4, 2000	366	4.30%	537,958.2	561,090.4	20,983.3 (1)	20,983.3

(1) accrued interest for 332 days (366 - 34 days - April to May 4/2000)

AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and

To the Chair and Members
of the Provincial Community Pasture Board

I have audited the balance sheet of the Provincial Community Pasture Board as at March 31, 2000 and the statement of income and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 31, 2000

PROVINCIAL COMMUNITY PASTURE BOARD

Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
Current		
Accounts receivable (Note 3)	$ 4,708	$ 2,818
Livestock - at lower of cost and net realizable value (cost -2000 $30,625;1999 $27,750) (Note 2)	20,080	18,800
	$ 24,788	$ 21,618
EQUITY		
Retained Earnings	$ 24,788	$ 21,618

Subsequet Event (Note 5)

Statement of Income and Retained Earnings
for the year ended March 31, 2000

	2000	1999
Revenues (Schedule A)	$ 51,229	$ 56,268
Expenses (Schedule A)	149,313	154,428
Net loss on pasture operations	98,084	98,160
Loss on livestock (Note 4)	2,580	2,023
Net loss before government contribution	100,664	100,183
Contribution by the Province of Nova Scotia	103,834	100,247
Net income	3,170	64
Retained earnings, beginning of year	21,618	21,554
Retained earnings, end of year	$ 24,788	$ 21,618

PROVINCIAL COMMUNITY PASTURE BOARD

Notes to Financial Statements
March 31, 2000

1. Authority

The Provincial Community Pasture Board was established pursuant to Section 176(1) of the Agriculture and Marketing Act. The purpose of the Board is to establish, conduct and operate community pastures at such locations as the Board deems advisable.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the policy of charging land, building and equipment acquisitions to expense in the year of purchase.

Livestock is comprised of breeding bulls on-hand at the end of the fiscal year. The bulls are valued at the lower of cost and net realizable value. The carrying-cost of bulls sold and any write-down of bulls to net realizable value is charged to expenses.

Further, under Section 183 of the Agriculture and Marketing Act, the administration costs of the Board are expenses of the Department of Agriculture and Marketing, and are not reflected in these financial statements.

3. Accounts Receivable

	2000	1999
Accounts receivable	$ 6,139	$ 2,818
Less: Allowance for doubtful accounts	1,431	---
	$ 4,708	$ 2,818

4. Loss on Livestock

	2000	1999
Sale of bulls	$ 4,540	$ 4,327
Carrying-cost of bulls sold	4,700	5,300
Loss on bulls sold	160	973
Write-down of bulls to net realizable value	2,420	1,050
	$ 2,580	$ 2,023

5. Subsequent Event

Subsequent to March 31, 2000 the Government of Nova Scotia announced that it will be ceasing its operation of community pastures.

Schedule A

PROVINCIAL COMMUNITY PASTURE BOARD

Pasture Operations
for the year ended March 31, 2000

	Cape Mabou	Cape John	Other	Totals 2000	Totals 1999
Revenues					
Pasture fees	$ 21,846	$ 28,912	$ ---	$ 50,758	$ 55,387
Pasture rentals	---	---	471	471	881
	21,846	28,912	471	51,229	56,268
Expenses					
Bad debt expense	1,431	---	---	1,431	---
Building	---	4,804	---	4,804	---
Bulls feed and care	3,482	5,326	---	8,808	9,000
Electricity	176	1,081	---	1,257	991
Equipment maintenance	818	819	---	1,637	736
Equipment purchases	625	2,189	---	2,814	5,919
Fencing	2,214	1,242	---	3,456	2,140
Fertilizer and lime	9,210	12,010	---	21,220	34,999
Insurance	1,011	1,011	---	2,022	1,797
Miscellaneous	---	115	---	115	1,300
Operating assistance	---	---	12,259	12,259	4,100
Supplies and services	15,361	17,406	474	33,241	37,710
Wages	27,022	29,227	---	56,249	55,736
	61,350	75,230	12,733	149,313	154,428
Net loss on pasture operations	$ 39,504	$ 46,318	$ 12,262	$ 98,084	$ 98,160

AUDITOR'S REPORT

To the Minister of Health, Chairman and Members of the
Board of Management of the Provincial Drug
Distribution Program, and Chairman and Members
of the Board of Management of the Nova Scotia Hospital

I have audited the balance sheet of the Provincial Drug Distribution Program as at March 31, 2000, and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Hospital's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Provincial Drug Distribution Program as at March 31, 2000 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 6, 2000

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Balance Sheet
as at March 31, 2000

ASSETS

	2000	1999
Current Assets		
Accounts receivable (Note 3)	$ 6,858,001	$ 6,121,136
Inventory	2,852,824	3,329,254
	9,710,825	9,450,390
Due from Nova Scotia Hospital (Note 7)	1,405,234	1,994,689
Estimated Year End Adjustments Due (To) From Department of Health (Note 5)	76,521	(21,948)
Investments (Note 4)	46,730	---
Capital Assets	96,439	---
	$ 11,335,749	$ 11,423,131

LIABILITIES AND NET ASSETS

	2000	1999
Current Liabilities		
Bank Overdraft	$ 1,376,905	$ 1,880,326
Accounts payable and accrued liabilities	2,475,022	2,202,152
	3,851,927	4,082,478
Due to Department of Health (Note 6)	7,340,653	7,340,653
Net Assets		
Net assets invested in capital assets	96,439	---
Net assets in investments	46,730	---
	143,169	---
	$ 11,335,749	$ 11,423,131

Statement of Operations
for the year ended March 31, 2000

	2000	1999
Revenue		
Drug sales	$ 42,953,105	$ 36,528,776
Cost of sales	42,732,867	36,321,754
Gross Profit on Drug Sales	220,238	207,022
Other Revenue		
Department of Health grant	379,200	379,200
Other	228,664	233,466
	607,864	612,666
	828,102	819,688
Expenses		
Salaries	483,940	431,987
Employee benefits	75,789	69,017
Freight	139,821	119,316
Other expenses	83,852	121,619
	783,402	741,939
Excess of revenue over expenses	$ 44,700	$ 77,749

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Changes in Net Assets
as at March 31, 2000

	Investment in Capital Assets	Acquisition of Investments	Total 2000	Total 1999
Balance Beginning of Year	$ ---	$ ---	$ ---	$ ---
Acquisitions	96,439	46,730	143,169	---
Balance End of Year	$ 96,439	$ 46,730	$ 143,169	$ ---

Statement of Cash Flow
for the year ended March 31,2000

	2000	1999
Operating Activities		
Surplus from operations	$ 44,700	$ 77,749
Add (deduct): changes in non-cash working capital items		
changes in accounts receivable	(736,865)	(716,437)
changes in inventory	476,430	(517,614)
changes in accounts payable	272,870	(1,361,029)
changes in deferred revenue	---	(269,200)
	57,135	(2,786,531)
Add (deduct): changes in other operating accounts		
DOH Final Settlement	---	(43,892)
changes in receivable from Nova Scotia Hospital	589,455	752,508
Cash generated (used) by operating activities	646,590	(2,077,915)
Investing Activities		
Purchase of capital assets	(96,439)	---
Investment	(46,730)	---
Cash used by investing activities	(143,169)	---
Increase (decrease) in Cash	503,421	(2,077,915)
Cash, Beginning of Year	(1,880,326)	197,589
Cash at End of Year	$ (1,376,905)	$ (1,880,326)

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Notes to Financial Statements
March 31, 2000

1. Authority

For many years the Nova Scotia Hospital has operated the Provincial Drug Distribution Program (PDDP). On March 31, 1998 the Hospital entered into an agreement, effective April 1, 1998, with the Province and the Regional Health Boards (RHBs) and non-designated organizations (NDOs) which gives the Minister of Health and a board of managers responsibility for the PDDP. The Hospital continues to administer the PDDP. The RHBs and NDOs have agreed to purchase all of their drug requirements through the PDDP. Sales are made to hospitals at cost and nursing homes at cost plus a mark up of 10%.

2. Accounting Principles

The PDDP follows the deferral methold of accounting for contributions. These financial statements have been prepared in accordance with generally accepted accounting principles and include the following specific accounting policies.

Operating Costs:
These financial statements do not include certain expenses which are absorbed by the Nova Scotia Hospital.

Capital Assets
The PDDP implemented a Tangible Capital Asset Policy after receiving Board approval in 1999-2000. Capital assets are valued at cost. Capital assets are to be amortized on a straight-line basis over the useful life of each asset.

Inventory
The inventory valuation method was changed in 1999-2000 from average cost to first-in, first out (FIFO). This change was not applied retroactively as the impact on the financial statements of the current and prior period is not significant.

3. Accounts Receivable

	2000	1999
Customer Receivables	$ 6,561,695	$ 5,998,741
Out Dated Drugs Receivable	296,306	122,395
	$ 6,858,001	$ 6,121,136

4. Investments

The Department of Health entered into an agreement dated January 1, 2000 with a national buying group. As a result, the PDDP will be entitled to receive all negotiated vendor contract prices for pharmaceutical supplies. The PDDP paid a one-time nonrefundable joining fee. This investment is recorded at cost and will be amortized to $1 over a five year period beginning in 2000-2001.

5. Estitmated Year End Adjustments due to (from) Department of Health

The accounts represents the net amount due to the Department of Health at the end of the fiscal year. Recovery and payment of estimated year end adjustments is dependent upon the approval by the Department of Health of the PDDP final settlement claim.

	2000	1999
Deficit (Surplus)		
1997-1998	$ 55,801	$ 55,801
1998-1999	(77,749)	(77,749)
1999-2000	(44,700)	---
1999-2000 Non-Operational items	143,169	—
	$ 76,521	$ (21,948)

6. Due to Department of Health

In prior years, the Province of Nova Scotia processed and recorded the receipts and disbursements of the Nova Scotia Hospital and PDDP. The cumulative difference between receipts and disbursements was recognized as a liability to the Province at year end. As of April 1, 1997 the Hospital began to process and record receipts and disbursements. Repayment terms for this liability are not specified.

7. Comparative Figures

Certain prior year's figures have been reclassified to conform with the presentation adopted for the current year.

Unaudited

PROVINCIAL RESORT HOTELS

Statement of User Fees and Expense for the year ended March 31, 2000

	Pines Resort	Keltic Lodge	Liscombe Lodge	Totals 2000	Totals 1999
User Fees					
Rooms	$ 1,868,009	$ 1,845,092	$ 787,713	$ 4,500,814	$ 4,158,934
Food	1,353,697	1,668,606	716,160	3,738,463	3,437,393
Beverage	269,376	336,588	100,241	706,205	628,277
Other	730,662	431,733	202,517	1,364,912	1,141,415
	4,221,744	4,282,019	1,806,631	10,310,394	9,366,019
Expense					
Salaries & Wages .	1,799,896	1,890,219	865,463	4,555,578	4,141,678
Travel	19,953	20,863	6,465	47,281	51,856
Supplies & Service	1,771,027	1,717,123	643,682	4,131,832	4,138,720
Other	234,857	398,671	34,435	667,963	68,240
	3,825,733	4,026,876	1,550,045	9,402,654	8,400,494
Operating Profit (Loss)	396,011	255,143	256,586	907,740	965,525
Property Improvements	400,000	428,672	221,065	1,049,737	3,495,304
Recoveries	20,000	277,000	---	297,000	3,229,000
Profit (Loss) . . . . $	16,011 $	103,471 $	35,521 $	155,003 $	699,221

Unaudited

PROVINCIAL RESORT HOTELS

Notes to Financial Statements
March 31, 2000

Note: This financial statement reflects user fees and current expenditures of the Provincial Resorts budgeted under the Department of Tourism and Culture. Recoveries represent expenditures transferred to the Economic Diversification Agreement:

Pines Resort: For the most part, renovations to the gift shop.

Keltic Lodge: For the most part, construction and furnishing of new suites.

The following is not included in this statement: $518,050 ($4,923 - 1999) in capital expenditures for construction, renovation and upgrading of facilities under Public Works and Special Projects (details of these expenditures are included in Volume 1 of the Public Accounts of the Province of Nova Scotia); $395,112 ($365,348 - 1999) for golf course maintenance at the Pines Resort accounted for by the Department of Transportation and Public Works; $74,309 ($73,390 - 1999) in maintenance costs accounted for by the Department of Transportation and Public Works.

Review Engagement Report

To the Board of Trustees of
The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds

We have reviewed the balance sheet of The Public Archives of Nova Scotia-Archival Ancillary and Trust funds (Archives) as at March 31, 2000 and the statements of revenue and expenditures, and changes in net assets for the year then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Archives.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PRICE,WATERHOUSE,COOPERS
Chartered Accountants

August 11, 2000

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Balance Sheet
As at March 31, 2000

	Endowment Fund, Collections	Archival Ancillary Fund	Total
ASSETS			
Current assets			
Cash	$ ---	$ 68,747	$ 68,747
Marketable securities	31,275	48,700	79,975
Amount held in trust by Province of Nova Scotia	68,630	---	68,630
	99,905	117,447	217,352
Capital assets (note 3)	---	34,217	34,217
	$ 99,905	$ 151,664	$ 251,569
LIABILITIES			
Current liabilities			
Amounts payable and accrued liabilities	$ 474	$ 1,588	$ 2,062
Deferred revenue	---	23,984	23,984
	474	25,572	26,046
Net assets			
Endowments	66,100	---	66,100
Earnings on endowments	33,331	---	33,331
Invested in capital assets	---	34,217	34,217
Unrestricted	---	91,875	91,875
	99,431	126,092	225,523
	$ 99,905	$ 151,664	$ 251,569

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Balance Sheet
As at March 31, 2000

	Endowment Fund, Collections	Archival Ancillary Fund	Total
Revenue			
Transitional Provincial Contribution	$ —	$ 102,000	$ 102,000
Reprographic and other recoveries	—	67,282	67,282
Funding for special collections maintenance	—	12,667	12,667
Sale of equipment	—	10,602	10,602
Interest	7,856	2,613	10,469
	7,856	195,164	203,020
Expenditures			
Building maintenance	—	38,048	38,048
Electricity	—	16,479	16,479
Other services	—	15,685	15,685
Special collections maintenance	—	12,667	12,667
Professional services	—	9,053	9,053
General operating	—	6,896	6,896
Amortization	—	4,406	4,406
Miscellaneous	—	3,770	3,770
Staff training	—	3,365	3,365
Telecommunications	—	3,203	3,203
Printing and stationery	—	2,158	2,158
Travel	—	1,890	1,890
Security	—	1,252	1,252
Water	—	1,243	1,243
Postage	—	796	796
Freight and express	—	700	700
Equipment repair and maintenance	—	594	594
Conferences and seminars	—	360	360
Heating fuel	—	351	351
Subscriptions and periodicals	—	145	145
Membership dues	—	65	65
	—	123,126	123,126
Excess of revenue over expenditures for the year	$ 7,856	$ 72,038	$ 79,894

Statement of Changes in Net Assets
For the Year ended March 31, 2000

Net assets - transferred from the Public Archives of Nova Scotia	$ 91,575	$ 54,054	$ 145,629
Excess of revenue over expenditures for the year	7,856	72,038	79,894
Net assets - End of Year	$ 99,431	$ 126,092	$ 225,523

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Notes to Financial Statements
March 31, 2000

1. Status and Nature of Activities

As of April 1, 1999, the functions of the Provincial Archives of Nova Scotia were transferred to the control of the Province of Nova Scotia (Province). Management of the Archives retains control over ancillary revenues and expenditures and over the three trust funds that were previously endowed to the Archives. These funds are the Blakely, Fergusson, and Shand trust funds.

The funds remaining under the control of management of the Archives was significantly reduced as a result of this transfer. As such, PricewaterhouseCoopers recommended, and Management of the Archives concurred, that the scope of work performed by PricewaterhouseCoopers could be reduced from an audit to a review engagement.

The Archives is primarily responsible for acquiring and preserving the corporate memory of government and documentary heritage of the Province. The Archives is both a deposit library for publications of the Government of Nova Scotia and an historical research facility.

2. Summary of Significant Accounting Policies

The accounting policies of the Archives for the Archival Ancillary and Trust funds are established and maintained in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and movements of funds during the year. Actual results could differ from these estimates.

b) Fund accounting

The Archives uses fund accounting to prepare its financial statements. Fund balances include balances invested in endowments, capital assets and unrestricted balances.

The archival ancillary fund accounts for reprographic and other revenue, recoveries, interest on trust funds and other special items and capital assets.

The endowment fund, collections accounts for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

c) Financial instruments

Financial instruments are stated at cost, or at cost less amounts written off to reflect a permanent decline in value, and where there is a fixed rate of return, accrued interest is included in book value. The fair value of these financial instruments approximates their carrying values, due to the short-term and/or the fixed nature of these instruments.

d) **Revenue recognition**

The Archives follows the restricted fund method of accounting for contributions, which include designated contributions from the public, bequests and Government support.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Restricted and endowment contributions are recognized as revenue, in the related fund, when received or receivable to the extent that amounts to be received can be reasonable estimated and collection is reasonably assured.

e) **Capital assets**

Purchased capital assets are recorded at cost. When a capital asset no longer contributes to the Archives' ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized using the following methods at the following rates:

Computer software	straight-line 10 years
Microfilm Equipment	straight-line 5 years

3. Capital assets

			2000
	Cost	Accumulated amortization	Net
Computer software	$ 17,262	$ 1,726	$ 15,536
Microfilm Equipment	21,361	2,680	18,681
	$ 38,623	$ 4,406	$ 34,217

AUDITOR'S REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and
To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the Nova Scotia Public Service Superannuation Fund as at March 31, 2000 and the Statement of Change of Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 2000 and changes in net assets available for benefits for the period then ended in accordance with accounting principles generally accepted in Canada.

E. R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 16, 2000
(Except for notes 5 and 6 which are as of November 21, 2000)

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Net Assets Available for Benefits
and Accrued Pension Benefits
as at March 31, 2000

		2000		1999
		(in thousands)		
NET ASSETS AVAILABLE FOR BENEFITS				
Assets				
Investments (Note 3)	$	3,130,701	$	2,507,068
Contributions receivable				
Employees'		2,067		417
Employers'		2,267		1,568
Accrued income		19,445		19,977
Prepaid expenses		78		—
Cash		1,986		2,793
Total Assets	$	3,156,544	$	2,531,823
Liabilities				
Net investment transactions outstanding	$	43,214	$	1,219
Accounts payable		24,179		24,734
Total liabilities		67,393		25,953
Net Assets Available for Benefits		3,089,151		2,505,870
Actuarial asset value adjustment (Note 4)		1,400		1,210
Actuarial value of net assets available for benefits	$	3,090,551	$	2,507,080
ACCRUED PENSION BENEFITS AND SURPLUS				
Accrued pension benefits	$	2,760,100	$	2,394,270
Surplus (Note 5)		330,451		112,810
Accrued pension benefits and surplus	$	3,090,551	$	2,507,080

See accompanying notes to financial statements.

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Changes in Net Assets Available for Benefits
for the year ended March 31, 2000

	2000 (in thousands)	1999
Increase in Assets		
Investment activities (Note 3)	$ 661,549	$ (36,386)
Contributions		
Employers'- matched	32,756	---
Employees' - matched	32,756	---
Employees' - unmatched	155	183
Interest on the purchase of prior years service	1,394	1,255
Transfers from other pension plans	2,286	1,384
	69,347	2,822
Total increase (decrease) in assets	730,896	(33,564)
Decrease in Assets		
Benefits paid	131,060	128,694
Operating expenses (Note 6)	6,775	5,949
Refund of contributions and interest	1,158	1,221
Transfers to other pension plans	8,622	6,777
Contribution holiday (Note 1)	---	60,135
Total decrease in assets	147,615	202,776
Increase (decrease) in Net Assets	583,281	(236,340)
Net Assets Available for Benefits at Beginning of Year	2,505,870	2,742,210
Net Assets Available for Benefits at End of Year	$ 3,089,151	$ 2,505,870

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 2000

1. Authority and Description of Plan

The Public Service Superannuation Fund was established by the Public Service Superannuation Act. It is the funding vehicle for the Public Service Superannuation Plan, a pension plan which covers employees of the Province and certain other public sector organizations. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 5.4% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 7% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay and deferred pensions are increased on January 1 of each year at a rate equal to the increase in the Consumer Price Index for Canada to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus pensionable service factor of 80 - "Rule of 80" (active members only);
- age 55 with two years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85" (deferred pensioners);
- age 60 with two years of service;
- age 65

Certain pension payments are attributable to previous early retirement programs and other unfunded benefits. They are charged to the Consolidated Fund of the Province and participating employers and are not paid from the Fund. These payments amounted to $15,273,000 for the year ended March 31, 2000 (1999 - $15,239,000).

On December 3, 1998, the Lieutenant Governor gave Royal Assent to the Financial Measures (1998) Act. This Act authorized a contribution holiday for the period April 1, 1997 to March 31, 1999, inclusive. The contribution holiday for the fiscal year 1997/98 was paid retroactively during the fiscal year 1998/99 and is shown as decrease in assets in the Statement of Changes in Net Assets Available for Benefits.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with generally accepted accounting principles.

(b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) Investments

(i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

(ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.

(iii) Investments include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of $73.6 million (2.3% of Total Assets) as at March 31, 2000.

3. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employers. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) Market value of investments and related income before allocating the effect of derivative contracts.

(in thousands)

	as at March 31, 2000		for the Year Income * (Loss)	as at March 31, 1999		for the Year Income * (Loss)
Money market.	$ 432,273	13.8%	$ 18,775	$ 300,685	12.0%	$ 11,463
Fixed income. .	957,362	30.6%	21,726	868,735	34.6%	66,517
Equities						
- Cdn	1,148,621	36.7%	371,588	836,747	33.4%	(107,165)
- US	191,523	6.1%	8,890	224,697	9.0%	15,608
- Other foreign . . .	382,683	12.2%	163,002	276,941	11.0%	23,599
Derivatives . . .	18,239	0.6%	77,519	(737)	---	(46,458)
Other	---	---	49	---	---	50
	$3,130,701	100.0%	$ 661,549	$2,507,068	100.0%	$ (36,386)

* Includes realized gains of $226.1 million ($189.7 - 1999) and unrealized gains of $278.0 million (291.1 million loss - 1999)

(b) Derivative Contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix. The following provides details of the derivative money market-to-equity swap contracts outstanding as at March 31, 2000. Notional amounts of derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and market value of the contracts are determined. These contracts are denominated in Canadian dollars and are reset quarterly.

Notional Principal (in thousands)	**Original Term**	**Credit Rating of Counter-party**	**Equity Index**	**BA Index**	**Market Value**
$ 57,128	1.3 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	$ 2,549
57,888	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,209
19,059	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	1,674
46,339	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	6,848
63,900	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	5,249
$ 244,314					$ 18,529

(c) Market value of investments and related income after allocating the effects of derivative contracts.

	as at March 31, 2000		for the Year Income * (Loss) (in thousands)	as at March 31, 1999		for the Year Income * (Loss)
Money market.	$ 186,614	6.0%	$ 8,427	$ 123,346	4.9%	$ 2,684
Fixed income. .	957,362	30.6%	21,726	868,735	34.7%	66,517
Equities						
- Cdn	1,412,519	45.1%	459,455	1,013,349	40.4%	(129,516)
- US	191,523	6.1%	8,890	224,697	9.0%	204
- Other foreign . . .	382,683	12.2%	163,002	276,941	11.0%	23,675
Other	---	---	49	---	---	50
	$3,130,701	100.0%	$ 661,549	$2,507,068	100.0%	$ (36,386)

- * Includes realized gains of $226.1 million ($189.7 - 1999) and unrealized gains of $278.0 million ($291.1 million loss - 1999)

(d) Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the plan's assets and cash flows related to the plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the plan has established a policy asset mix of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At March 31, 2000 the $957,362,000 fixed income securities had a modified duration of 5.30 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.30 %.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rates or other economic fundamentals.

The Plan's foreign currency exposure as at March 31, 2000 is summarized in the following table.

Currency	**Exposure** (in thousands)
Canada	$2,513,812
Eurozone	102,522
Japan	96,410
United Kingdom	45,441
United States	283,903
Other	110,044
Total	$3,152,132

4. Actuarial Asset Value Adjustment

The actuarial asset value adjustment of $1.4 million (1999 -$1.2 million) represents the present value of outstanding employee and employer contributions which are due as a result of service buy-backs.

5. Actuarial Valuation

Actuarial valuations of the Public Service Superannuation Fund are carried out at least every three years and provide an estimate of the accrued pension benefits (fund liabilities) as at the valuation date, calculated on the basis of various assumptions with respect to pension costs and rates of return on investments. The calculations are updated in inter-valuation years. The last valuation of the Public Service Superannuation Fund was carried out by the Plan's consulting actuary, Morneau Sobeco, as at December 31, 1999 and reported upon November 21, 2000.

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the member's projected five year average salary at the expected date of retirement. The actuaries have used the unit credit method of determining the current cost and actuarial liability. The major economic and demographic assumptions used in the last valuation were as follows:

	Valuation December 31, 1999	Valuation October 31, 1998
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% real plus 1.0% merit increase	0.5% real plus 1.0% merit increase
Real Rate of Return on Investments	4.25% per annum	4.5% per annum
Average Retirement Age	59 years	60 years
Mortality	1983 Group Annuity Table (with one-year age setback)	1983 Group Annuity Table (with no age setback)

The impact of the changes in actuarial assumptions used for the 1999 valuation as compared to the 1998 valuation:

- The assumed real rate of return (net of money management fees) was reduced from 4.5% to 4.25%, increasing the reported value of accrued liabilities by approximately $89.5 million;
- The assumed retirement age was reduced from 60 to 59, increasing the reported value of accrued liabilities by approximately $72.8 million; and
- The mortality assumption was changed by adding a one-year age setback to the 1983 Group Annuitant Mortality (with the 10% margin at each age) that was used previously. This change increased the reported value of accrued liabilities by approximately $58.4 million.

The valuation as at December 31, 1999 indicated that the plan had a surplus of $157.5 million compared to a surplus of $38.7 million as at October 31, 1998. A projection to March 31, 2000, applying the same assumptions, indicated a surplus of $330.5 million.

6. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	2000	1999
	(in thousands)	
Investment management fees	$ 5,463	$ 4,791
Professional services	68	147
Salaries	675	416
Supplies and services	475	478
Travel	24	8
Other	70	109
	$ 6,775	$ 5,949

7. Certain comparative figures have been reclassified to conform with the financial statement presentation of this year.

AUDITOR'S REPORT

To the Minister of Justice; and
To the Public Trustee

I have audited the balance sheet of the Public Trustee Trust Funds as at March 31, 2000 and the statement of continuity of assets for the year then ended. These financial statements are the responsibility of the Public Trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many trust funds, it is not possible to verify by audit procedure that all the assets of any given trust actually came under the administration of the Public Trustee. Accordingly, my verification of trust assets was limited to those recorded in the records.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to verify the completeness of the assets of the trust funds, these financial statements present fairly, in all material respects, the financial position of the Public Trustee Trust Funds as at March 31, 2000 and the continuity of assets for the year then ended in accordance with generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 16, 2000

PUBLIC TRUSTEE TRUST FUNDS

Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
Estates and Trusts		
Cash	$ 191,941	$ 1,280,180
Securities, real estate and other assets (Note 3)	16,765,882	15,317,750
Common Fund securities (Note 4)	1,304,794	1,305,340
	18,262,617	17,903,270
Special Reserve Fund (Note 5)		
Cash and securities	1,192,613	1,114,573
	$ 19,455,230	$ 19,017,843
LIABILITIES		
Estates and Trusts		
Estates and trusts balances	$ 18,262,617	$ 17,903,270
Special Reserve Fund (Note 5)		
Restricted funds	1,136,042	1,056,537
Funds transferable to Province of Nova Scotia	56,571	58,036
	1,192,613	1,114,573
	$ 19,455,230	$ 19,017,843

PUBLIC TRUSTEE TRUST FUNDS

Statement of Continuity of Assets
For The Year Ended March 31, 2000

	Estates and Trusts	Special Reserve Fund	Fees Earned	2000 Total	1999 Total
Balance, beginning of year	$ 17,903,270	$ 1,114,573	$ ---	$ 19,017,843	$ 19,089,060
Add:					
Assets acquired during the year	8,949,456	---	---	8,949,456	9,480,693
Income earned	718,090	---	---	718,090	715,113
Fees earned	---	---	436,820	436,820	376,060
Interest earned on Special Reserve Fund investments . .	---	56,571	---	56,571	58,036
Excess interest transferred from Common Fund	---	79,505	---	79,505	85,386
	9,667,546	136,076	436,820	10,240,442	10,715,288
Less:					
Distributions of estates and trusts	9,135,084	---	---	9,135,084	9,613,698
Transfers to the Province Fees	---	---	436,820	436,820	376,060
Undistributable estates and trusts (per Section 28) . .	173,115	---	---	173,115	749,865
Investment income earned on Special Reserve Fund	---	58,036	---	58,036	46,882
	9,308,199	58,036	436,820	9,803,055	10,786,505
Balance, end of year . . .	$ 18,262,617	$ 1,192,613	$ ---	$ 19,455,230	$ 19,017,843

Notes to Financial Statements
March 31, 2000

1. Authority

The Office of the Public Trustee was established pursuant to the Public Trustee Act. The Public Trustee is empowered to perform the duties of a guardian, custodian, trustee, and executor or administrator of an estate. All investments by the Public Trustee are to be made in accordance with the Trustee Act.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles, modified by the following policies.

a) The Office of the Public Trustee uses a cash basis of accounting. These financial statements do not include accrued interest and other receivables, as well as accrued fees and other payables.

b) The market value of stocks and bonds at year end is not disclosed in the financial statements.

3. Securities, Real Estate and Other Assets

Securities consist of deposit certificates, bonds, debentures and stocks. Securities purchased by the Public Trustee are valued at cost. Securities taken over by the Public Trustee are valued at market value as at the date of death for estates of deceased persons or as at the date that control is assumed for all other estates.

The Public Trustee is responsible for administering certain other assets such as real estate, personal effects and chattels. Real estate is valued at estimated market value based on annual assessments for municipal tax purposes. Personal effects and chattels are valued at estimated market value as at the date control is assumed. If market value is not readily ascertainable, they are each recorded at a nominal value of $1.

4. Common Fund Securities

Section 30 of the Public Trustee Act permits the Public Trustee to invest monies, not subject to any express trust or direction for investment thereof, in a Common Fund. Investments of the Common Fund are valued at cost.

5. Special Reserve Fund

Section 32 of the Public Trustee Act provides for the establishment of a Special Reserve Fund. The purposes of the Fund are to provide for any deficiencies between income earned on investments of the Common Fund and interest required to be paid to estates comprising the Common Fund; and also to provide for any deficiency between the aggregate amount of sums invested and the realized value of investments of the Common Fund.

The Fund consists of investment income earned on Common Fund securities in excess of interest paid to Common Fund estates. Income earned on securities held in the Special Reserve Fund also forms part of the Fund.

Income earned on securities held in the Special Reserve Fund is eligible for transfer to the Province. The remainder of the Fund is restricted to the purposes described above.

6. Operating Costs

Operating costs of the Office fo the Public Trustee are absorbed by various government departments and are not reflected in the statement of continuity of assets. These costs are offset by fees charged for administering estates and by investment income.

	2000	1999
Department of Justice		
- Salaries and benefits	$ 619,457	$ 546,534
- Other operating costs	36,751	36,904
Department of Transportation and Public Works		
- Rent	32,340	49,107
	688,548	632,545
Less transfers to Province		
- Fees	436,820	376,060
- Special Reserve Fund income	58,036	46,882
	494,856	422,942
Net cost to the Province	$ 193,692	$ 209,603

AUDITORS' REPORT

To the Board of Directors of
Queen Elizabeth II Health Sciences Centre

We have audited the statement of financial position - operating and capital fund of the Queen Elizabeth II Health Sciences Centre (the "QEII") as at March 31, 2000 and the statements of fund balances, revenues and expenditures operating fund, and cash flow for the year then ended. These financial statements are the responsibility of the QEII's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the QEII as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with auditing standards generally accepted in Canada.

ERNST & YOUNG LLP
Chartered Accountants

Halifax, Canada
May 25, 2000

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Statement of Financial Position - Operating and Capital Funds
as at March 31, 2000

(in thousands)

	Operating Fund	Capital Fund	Total 2000	Total 1999
ASSETS				
Current				
Cash & short term investments . . . $	30,460 $	--- $	30,460 $	---
Investment held in trust	500	---	500	500
Accounts receivable	23,801	---	23,801	24,274
Due from Department of Health . .	12,454	---	12,454	---
Due from QEII Foundation.	2,387	---	2,387	---
Due to (from) other fund	(1,832)	1,832	---	---
Inventories (note 3).	3,915	---	3,915	4,524
Prepaid expenses	1,609	---	1,609	5,748
	73,294	1,832	75,126	35,046
Restricted cash and short-term investments (notes 2 and 6)	13,982	---	13,982	12,805
	87,276	1,832	89,108	47,851
Capital assets (note 4)	---	203,608	203,608	206,500
$	87,276 $	205,440 $	292,716 $	254,351
LIABILITIES				
Current				
Bank indebtedness . . . . $	--- $	--- $	--- $	29,055
Accounts payable and accrued liabilities.	55,494	---	55,494	50,668
Due to Partners for Care	664	---	664	---
Due to Department of Health	---	---	---	90,443
Deferred revenue (note 5)	17,136	1,832	18,968	12,438
Current portion of long-term debt (note 7)	---	---	---	93
	73,294	1,832	75,126	182,697
Restricted liabilities (notes 2 and 6)	13,982	---	13,982	12,805
	87,276	1,832	89,108	195,502
Long-term debt (note 7)	---	---	---	354
	87,276	1,832	89,108	195,856
FUND BALANCE				
Operating deficiency	---	---	---	(95,094)
Surplus retention	---	---	---	1,434
Investment in capital assets	---	203,608	203,608	152,155
	---	203,608	203,608	58,495
$	87,276 $	205,440 $	292,716 $	254,351

Contingencies and commitments (notes 9, 10 and 12)

See accompanying notes

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Statement of Fund Balances
Year ended March 31, 2000

OPERATING FUND

	2000 (in thousands)	1999
Balance, beginning of year	$ (95,094)	$ (53,705)
Net revenues over (under) expenditures	95,162	(30,519)
Net capital amortization	—	(6,906)
Re-engineering	—	(1,293)
Year 2000	—	(2,671)
	68	(95,094)
Transfer equity to Department of Health	(68)	—
Balance, end of year	$ —	$ (95,094)

SURPLUS RETENTION FUND

	2000	1999
Balance, beginning of year	$ 1,434	$ 1,434
Transfer to Department of Health	(1,434)	—
	$ —	$ 1,434

INVESTMENT IN CAPITAL ASSETS

	2000	1999
Capital Funding, beginning of year	$ 226,629	$ 223,675
Capital deficit funding from Department of Health	65,005	—
Capital funding for the year (Schedule C)	18,659	2,954
	310,293	226,629
Accumulated amortization of capital funding, beginning of year	(74,474)	(61,555)
Amortization of capital deficit funding from Department of Health	(10,660)	—
Amortization of capital funding for the year	(21,551)	(12,919)
Accumulated amortization of capital funding, end of year	(106,685)	(74,474)
Balance, end of year	203,608	152,155
Total	$ 203,608	$ 58,495

See accompanying notes

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Statement of Revenues and Expenditures
Operating Fund
Year ended March 31, 2000

	2000	1999
	(in thousands)	
Operating		
Revenues (Schedule A)	$ 377,419	$ 329,775
Expenditures (Schedule B)	377,351	361,151
	68	(31,376)
Net capital amortization	---	(6,906)
Re-engineering (Schedule B)	---	(1,293)
Year 2000 - Revenues	2,818	---
Year 2000 - Expenditures	(2,818)	(2,671)
	---	(42,246)
Results from operating activities	68	(42,246)
Research		
Revenues (Schedule A)	12,132	11,733
Expenditures (Schedule B)	(10,955)	(9,416)
	1,177	2,317
Opening balance	12,805	10,488
Ending funds available for research	13,982	12,805
Funds committed to future periods	(13,982)	(12,805)
	---	---
Net revenues over (under)expenditures before deficit funding	68	(42,246)
Operating deficit funding received from Department of Health	95,094	---
Net revenues over (under) expenditures	$ 95,162	$ (42,246)

See accompanying notes

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Statement of Cash Flow
Year ended March 31, 2000

	2000	1999
	(in thousands)	
OPERATING ACTIVITIES		
Net revenuess over (under) expenditures - operating fund	$ 68	$ (41,389)
Items not requiring cash		
Depreciation	21,551	19,825
Amortization of capital funding	(21,551)	(12,919)
Changes in non-cash working capital items	(88,043)	46,483
Cash (used in) provided by operating activities	(87,975)	12,000
FINANCING ACTIVITIES		
Operating deficit funding from Department of Health	95,094	---
Capital deficit funding from Department of Health	54,345	---
Transfer of surplus retention fund to Department of Health	(1,434)	---
Transfer of operating surplus to Department of Health	(68)	---
Capital funding (Schedule C)	18,659	2,954
(Repayment of)increase in long-term debt	(447)	335
Cash provided by financing activities	166,149	3,289
INVESTING ACTIVITIES		
Capital assets acquired (Schedule C)	(18,659)	(18,293)
Cash used in investing activities	(18,659)	(18,293)
Restricted Funding	1,177	2,317
Net cash inflow (outflow) during the year	60,692	(687)
Cash position, beginning of year	(15,750)	(15,063)
Cash position, end of year	$ 44,942	$ (15,750)
Cash position, end of year is comprised as follows:		
Cash (bank indebtedness)	$ 30,460	$ (29,055)
Investments held in trust	500	500
Restricted cash and short-term investments	13,982	12,805
	$ 44,942	$ (15,750)

See accompanying notes

Notes to the Financial Statements
March 31,2000

1. Nature of the Organization

On July 8, 1994, the Province of Nova Scotia announced the formation of the Queen Elizabeth II Health Sciences Centre ("QEII"). An Act of the Legislation of the Province of Nova Scotia, proclaiming the incorporation of the QEII, was passed on February 27, 1996.

The QEII is dedicated to the provision of exemplary health care through the integration of patient care, teaching and research within a compassionate and caring Centre community, in partnership with other providers. It is the principal centre for the provision of these services in the Maritime Provinces.

The QEII is a non profit entity and, as such, is exempt from income tax.

2. Significant Accounting Policies

Fund Accounting
The QEII maintains its financial statements on a fund accounting basis. Separate funds have been established to distinguish operating activities from capital activties.

The Operating Fund contains the non-capital operating assets, liabilities, revenues and expenditures of the QEII related to the provision of hospital services.

The Capital Fund contains the capital assets, net of accumulated depreciation and related capital funding, net of accumulated amortization.

Deficit funding
During the year the QEII received funding from the Department of Health for its accumulated operating and capital deficits. This funding does not constitute a change in accounting policy or a correction of an error in prior period financial statements. Accordingly, the revenue has been recorded in the current fiscal year and prior period financial statements have not been restated.

Investments
Investments are stated at cost.

Inventories
Inventories are stated at cost, being the lower of cost and replacement costs.

Capital Assets
Capital Assets are recorded at cost and depreciated at the following annual rates:

New Halifax Infirmary building	50 years straight-line
Other buildings and additions	50 years straight-line
Equipment	10 years straight-line
Leasehold improvements	10 years straight-line
Information technology	5 years straight-line
Parking	5 years straight-line

Restricted cash and short-term investments and restricted liabilities

Restricted cash and short-term investments are designated for restricted purposes by independent funders, by regulation, or by resolution of the QEII's Board of Directors. The corresponding restricted liability represents the unexpended fund balance.

Capital contributions

Capital contributions are recorded as capital funding and amortized to income using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in the investment in capital.

3. Inventories

	2000	1999
	(in thousands)	
Drugs	$ 2,215	$ 2,238
General supplies	1,700	2,286
	$ 3,915	$ 4,524

4. Capital Assets

	2000		1999	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
		(in thousands)		
Land	$ 324	$ ---	$ 324	$ ---
Halifax Infirmary building	110,023	7,665	110,023	5,465
Other buildings & additions	7,091	1,348	7,091	1,206
Equipment	119,931	69,949	112,485	59,947
Leasehold improvements	41,302	11,215	33,770	7,462
Information technology	31,289	16,411	27,608	11,022
Parking	20	3	20	1
Paving	313	94	313	31
	310,293	106,685	291,634	85,134
Less accumulated depreciation	106,685		85,134	
	$ 203,608		$ 206,500	

5. Deferred Revenue

Deferred revenue in the operating fund of $17,136,000 (1999 - $8,705,000) represents advance dunding received from the Department of Health for the 2000/01 fiscal year. Deferred revenue in the capital fund of $1,832,000 (1999 - $3,733,000) represents advance funding from the QEII foundation for capital equipment to be purchased subsequent to March 31, 2000.

6. Restricted Cash and Short-term Investments and Restricted Liabilities

These assets and liabilities represent funds, the use of which is restricted by various conditions as described in note 2.

	2000	1999
	(in thousands)	
Abbie J. Lane Trust Fund	$ ---	$ 57
Charitable funds	51	61
Centre for Clinical Research	12,721	12,182
Other	1,210	505
	$ 13,982	$ 12,805

7. Long-term debt

	2000	1999
	(in thousands)	
Equipment Purchase Agreements		
Nova Scotia Power Inc., repayable in 60 monthly payments of $10,312, bearing interest at 7.8%, maturing June 2003	---	447
	---	447
Less: current portion	---	(93)
	$ ---	$ 354

8. Pension Funds

Public Service Superannuation Fund
Most former employees of the Victoria General Hospital ("VGH") and Cancer Treatment and Research Foundation ("CTRF") belong to the Public Service Superannuation Fund ("the Plan"). The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the QEII's operating expenses. The Plan is administered by the Nova Scotia Government Department of Finance. The QEII is not responsible for any unfunded liability in this plan.

Nova Scotia Association of Health Organizations
Employees of the former Nova Scotia Rehabilitation Centre ("NSRC") and Camp Hill Medical Centre ("CHMC") participate in the multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent Actuarial Valuation was conducted as at December 31, 1996 and showed a funding excess for the entire plan of over $37,000,000.

9. Long-term disability plan

Most employees of the former VGH and the CTRF are eligible to join a long-term disability plan which is funded equally by employee and employer contributions. The employer's contributions are included in the QEII's operating expenses. The plan is currently administered by the Province of Nova Scotia which has disclosed an unfunded liability of approximately $16,000,000 for VGH and CTRF employees. The ultimate responsibility for funding the liability has not been resolved between the Province of Nova Scotia and the QEII.

10. Lease commitments

The QEII is committed to the following annual lease payments in each of the next five fiscal years ended March 31:

	(in thousands)
2001	$ 5,681
2002	4,278
2003	4,172
2004	4,135
2005	3,733

11. Comparative Figures

Certain of the March 31, 1999 comparative figures have been reclassified to conform with the presentation adopted in the current year.

12. Contingency

The QEII is disputing amounts claimed by a consulting firm as a result of a re-engineering project. The outcome of this dispute is not determinable at this time and no amount has been recorded in the financial statements as at March 31, 2000. The costs of settlement of this matter, if any, will be recorded in the year of resolution.

Schedule A

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Schedule of Revenues
Operating Fund
Year ended March 31, 2000

	Operating	Provincial Funded Programs	Research	2000 Total	1999 Total (in thousands)
Department of Health . . .	$ 264,343	$ 62,342	$ —	$ 326,685	$ 292,979
Amortization of capital funding.	21,551	—	—	21,551	12,919
Federal Government.	16,684	—	—	16,684	15,111
Other	2,656	16	4,839	7,511	10,309
Research grants.	—	—	7,293	7,293	6,227
Non Resident.	6,366	150	—	6,516	5,767
Dietary	6,035	—	—	6,035	5,356
Referred in from other facilities	5,121	—	—	5,121	4,965
Perferred accommodation.	4,959	—	—	4,959	3,927
Medical Education	—	4,719	—	4,719	3,846
Workers Compensation Board	3,105	(19)	—	3,086	3,147
Year 2000.	2,818	—	—	2,818	—
Utilities	995	—	—	995	980
Deinsured Services.	776	—	—	776	713
Parking	300	—	—	300	33
Research transfer.	—	—	—	—	(1,828)
Bad debts.	(1,112)	(17)	—	(1,129)	(801)
Gross revenues.	334,597	67,191	12,132	413,920	363,650
Less: Amortization of capital funding . .	21,551	—	—	21,551	12,919
Year 2000	2,818	—	—	2,818	—
	24,369	—	—	24,369	12,919
Net revenues.	$ 310,228	$ 67,191	$ 12,132	$ 389,551	$ 350,731

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Schedule of Expenditures
Operating Fund
Year ended March 31, 2000

	Operating	Provincial Funded Programs	Research	2000 Total	1999 Total (in thousands)
Compensation	$ 221,864	$ 35,383	$ 7,809	$ 265,056	$ 260,790
Med/surg. Supplies	13,924	18,208	16	32,148	31,838
Drugs	14,092	10,629	15	24,736	20,916
Depreciation	21,551	---	---	21,551	19,825
Purchased services	14,664	494	191	15,349	16,911
Plant maintenance supplies	11,944	869	421	13,234	11,162
Utilities	10,679	149	131	10,959	10,296
Fees	6,475	722	1,363	8,560	7,190
Food supplies	4,879	3	---	4,882	4,785
Lab Supplies	4,585	46	59	4,690	4,384
Diagnostic imaging	2,782	69	8	2,859	2,741
Year 2000	2,818	---	---	2,818	2,671
Other	2,844	514	(1,206)	2,152	5,341
Research grants	---	---	1,644	1,644	510
Travel	621	105	503	1,229	1,140
Insurance	807	---	1	808	923
Move to New Halifax Infirmary	---	---	---	---	7
Reengineering	---	---	---	---	1,293
Gross expenditures	334,529	67,191	10,955	412,675	402,723
Less: Depreciation	21,551	---	---	21,551	19,825
Year 2000	2,818	---	---	2,818	2,671
Reengineering	---	---	---	---	1,293
	24,369	---	---	24,369	23,789
Net expenditures	$ 310,160	$ 67,191	$ 10,955	$ 388,306	$ 378,934

Schedule C

QUEEN ELIZABETH II HEALTH SCIENCES CENTRE

Schedule of Changes in Capital
Year ended March 31, 2000

		2000		1999
		(in thousands)		
Capital Funding				
Department of Health	$	13,923	$	1,024
Foundations		4,468		1,690
Veterans Affairs Canada		243		---
Clinic Research		25		240
	$	18,659	$	2,954
Capital Expenditures				
New Halifax Infirmary building	$	---	$	536
Equipment		7,446		4,195
Leasehold improvements		7,532		7,094
Information technology		3,681		6,135
Transfer of parking assets from QEII Foundation		---		333
	$	18,659	$	18,293
Capital deficit funding from Department of Health	$	65,005	$	---

AUDITORS' REPORT

To the Board of Directors of
Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations, changes in net assets and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

GRANT THORTON
Chartered Accountants

Truro, Nova Scotia
May 5, 2000

RESOURCE RECOVERY FUND BOARD INC.

Statement of Operations
Year ended March 31, 2000

	2000	1999
Revenues		
Deposits		
Gross revenues from deposits	$ 27,220,278	$ 19,062,106
Less Harmonized sales tax	(3,613,080)	(2,572,475)
	23,607,198	16,489,631
Sales of recyclable materials	3,181,876	2,334,432
Stewardship	8,139	7,400
Tire program	2,947,357	2,688,440
Total revenues	29,744,570	21,519,903
Cost of sales		
Inventory, beginning of year	104,603	70,183
Deposit refunds	9,639,581	6,618,787
Enviro-Depot handling fees	5,805,185	3,811,052
Local cartage	898,637	987,063
Regional processing	936,533	943,297
Freight-in	65,752	33,145
Central processing expenses (Page 445)	405,552	378,853
Non-deposit materials	44,189	60,051
Used tires	1,758,018	1,759,540
Paint program	151,000	92,000
	19,809,050	14,753,971
Less inventory, end of year	101,116	104,603
	19,707,934	14,649,368
Gross margin	10,036,636	6,870,535
Administrative expenses (Page 445)	1,202,021	1,176,249
Operating income	8,834,615	5,694,286
Equity in net earnings(loss) of an affiliated company	71,164	(27,378)
Interest and other income	447,113	400,511
Excess of revenues over expenses	$ 9,352,892	$ 6,067,419

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Statement of Financial Position
year ended March 31, 2000

	2000	1999
ASSETS		
Current		
Cash and cash equivalents	$ 11,706,143	$ 9,005,783
Receivables	2,474,947	2,480,987
Accrued interest receivable	107,234	35,006
Inventory	101,116	104,603
Prepaids	---	2,033
	14,389,440	11,628,412
Investment in an affiliated company (Note 3)	304,186	254,022
Property and equipment (Note 4)	725,094	612,814
Organizational costs, net of accumulated amortization	172,044	302,764
	$ 15,590,764	$ 12,798,012
LIABILITIES		
Current		
Payables and accruals	$ 2,294,235	$ 2,994,794
Municipal solid waste diversion credits payable	4,650,389	3,159,946
Unearned revenue	3,175,500	2,695,500
	10,120,124	8,850,240
NET ASSETS (Page 4)		
Invested in capital assets	897,138	915,578
Invested in value added manufacturing	304,186	254,022
Restricted for future projects	856,107	835,107
Restricted for approved programs	3,413,209	1,943,065
	5,470,640	3,947,772
	$ 15,590,764	$ 12,798,012

Commitment (Note 7)

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Statement of Changes in Net Assets
Year Ended March 31, 2000

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	Total 2000	Total 1999
Balance, beginning of year.....	$ 915,578	$ 254,022	835,107	$ 1,943,065	---	3,947,772	$ 4,712,278
Excess of revenues over expenses..............	(339,342)	71,164	---	---	9,621,070	9,352,892	6,067,419
Investment in capital assets....	320,902	---	---	---	(320,902)	---	---
	897,138	325,186	835,107	1,943,065	9,300,168	13,300,664	10,779,697
Internally imposed restrictions....	---	---	---	4,650,084	(4,650,084)	---	---
Investment in value-added Manufacturing (Note 6c))....	---	(21,000)	21,000	---	---	---	---
Payments during the year							
Education and awareness.......	---	---	---	(1,062,889)	---	(1,062,889)	(1,093,284)
Regional co-ordinators.........	---	---	---	(210,000)	---	(210,000)	(210,000)
Approved programs...........	---	---	---	(1,907,051)	---	(1,907,051)	(2,369,000)
Allocation to Municipal solid waste diversion Payable.....................	---	---	---	---	(4,650,084)	(4,650,084)	(3,159,641)
Balance, end of year.........	$ 897,138	$ 304,186	$ 856,107	$ 3,413,209	$ ---	$ 5,470,640	$ 3,947,772

See accompanying notes to the financial statements

RESOURCE RECOVERY FUND BOARD INC.

Statement of Cash Flows
year ended March 31, 2000

	2000	1999
Increase (decrease)in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 9,352,892	$ 6,067,419
Equity in net (earnings) loss of affiliated company	(71,164)	27,378
Depreciation and amortization	332,706	365,796
Loss on sale of property and equipment	6,636	34,194
	9,621,070	6,494,787
Change in non-cash operating working capital		
Receivables	(66,188)	(527,880)
Inventory	3,487	(34,420)
Prepaids	2,033	4,643
Payables and accruals.	789,884	1,561,119
Unearned revenue	480,000	660,200
	10,830,286	8,158,449
Investing		
Proceeds on sale of property and equipment	1,750	234,000
Purchase of property and equipment.	(322,652)	(409,504)
Investment - value added manufacturing	21,000	(281,400)
	(299,902)	(456,904)
Allocation of net assets to:		
Municipal solid waste diversion	(4,650,084)	(3,159,641)
Approved programs	(3,179,940)	(3,672,284)
	(7,830,024)	(6,831,925)
Net increase in cash and cash equivalents	2,700,360	869,620
Cash and cash equivalents,beginning of year	9,005,783	8,136,163
Cash and cash equivalents, end of year	$ 11,706,143	$ 9,005,783

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Notes to the Financial Statements
March 31, 2000

1. Nature of operations

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's Solid Waste-Resource Management Regulations.

2. Summary of signification accounting policies

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Field equipment	20%	straight-line
Office and warehouse equipment	20%	straight-line
Computer hardware and software	33 1/3%	straight-line
Containers	33 1/3%	straight-line
Vehicles	33 1/3%	straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

Organizational costs

Organizational costs for new programs are amortized on a straight line basis over five years.

Income taxes

The company is exempt from income taxes under Section 149(l)(d) of the Canadian Income Tax Act.

Revenue recognition

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

Investment in affiliated company

The company accounts for its investment in affiliated company using the equity method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, investment in an affiliated company, payables and accruals, and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values.

3. Investment in affiliated company

Resource Recovery Fund Board Inc. has a 51% ownership in Novapet Inc., a company that processes polyethylene terephthalate (PET) plastic beverage bottles into a flake for resale.

Novapet Inc. has not been consolidated in the Resource Recovery Fund Board Inc.'s financial statements. Financial summaries of Novapet Inc. as at March 31, 2000 are as follows:

Financial Position		
Total assets	$	903,523
Total liabilities	$	474,157
Shareholders' equity		429,366
	$	903,523
Results of operations		
Total revenues	$	2,708,686
Total costs of goods sold and expenses		2,569,149
Net earnings	$	139,537
Cash Flows		
Cash from operations	$	92,808
Cash used in financing activities		(58,402)
Cash used in investing activities		(23,608)
Increase in cash and cash equivalents	$	10,798

4. Property and equipment

	Cost	Accumulated Depreciation	2000 Net Book Value	1999 Net Book Value
Field Equipment	169,508	79,596	89,912	48,204
Office and warehouse equipment	93,310	55,436	37,874	52,067
Leasehold Improvements	9,960	1,244	8,716	
Containers	763,626	327,934	435,692	273,104
Computer hardware and software	358,802	236,058	122,744	184,669
Vehicles	73,842	43,686	30,156	54,770
	$ 1,469,048	$ 743,954	$ 725,094	$ 612,814

5. Bank indebtedness

The company has an operating line of credit of $2,500,000 all of which is unused at March 31, 2000.

6. Related party transactions

During the year, the company had the following transactions with an affiliated company:

a) Sold polyethylene terephthalate (PET) plastic beverage bottles in the amount of $580,196 (1999 - $619,507) to Novapet Inc. Included in trade accounts receivable is $77,137 (1999 - $39,330) owing from Novapet Inc. relating to these sales.

b) During the year the company received dividends in the amount of $15,285 (1999 - $9,800) from Novapet Inc., and these have been accounted for as interest and other income. The total amount of these dividends is included in accrued interest receivable.

c) During the year, Novapet Inc. redeemed $21,000 of preferred shares owned by the Resource Recovery Fund Board Inc.

7. Commitments

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2001	$	65,240
2002	$	71,088
2003	$	71,088
2004	$	71,088
2005	$	71,088

8. Comparative figures

Certain of the 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2000.

RESOURCE RECOVERY FUND BOARD INC.

Schedule of Central Processing Expenses
Year Ended March 31

	2000	1999
Building expenses	$ 49,239	$ 42,000
Depreciation and amoritzation	95,210	143,444
Equipment lease or rent	6,965	1,960
Insurance	725	744
Meetings and travel	11,735	9,835
Postage and delivery	9,072	977
Propane - forklift	2,573	1,566
Repairs and maintenance - bulk bags	56,904	25,969
Repairs and maintenance - equipment	7,093	4,828
Salaries and benefits	114,380	108,875
Shipping supplies	38,902	21,925
Telecommunications	12,419	9,853
Vehicle expense	335	6,877
	$ 405,552	$ 378,853

Schedule of Administrative Expenses
Year Ended March 31

	2000	1999
Bad debt expense	$ 8,452	$ 17,217
Bank charges	5,759	5,204
Board fees and expenses	50,572	24,917
Building expenses	72,216	30,267
Computer support	32,439	22,686
Depreciation and amortization	237,496	222,352
Dues and fees	8,179	4,165
Equipment lease or rent	4,814	4,713
Meetings and travel	61,499	55,725
Office expense	6,744	5,353
Postage and delivery	14,485	11,590
Printing and stationery	7,000	5,962
Professional fees	86,926	79,102
Public relations	86,173	162,699
Salaries and benefits	479,208	473,924
Telecommunications	33,153	33,868
Training	4,673	8,355
Vehicle expense	2,233	8,150
	$ 1,202,021	$ 1,176,249

AUDITORS' REPORT

To the Members of the
Sherbrooke Restoration Commission

We have audited the balance sheet of Sherbrooke Restoration Commission as at March 31, 2000 and the statements of operations, fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000, and the results of its operations and the cash flows for the year then ended in accordance with the accounting principles adopted for museum boards in the Province of Nova Scotia.

DELOITTE & TOUCHE LLP
Chartered Accountants

June 2, 2000

SHERBROOKE RESTORATION COMMISSION

Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ 86,008	$ 62,416
Guaranteed Investment Certificate (Note 3)	25,000	---
Accounts receivable	34,542	17,824
Inventory (Note 2)	103,754	98,407
Prepaid expense	2,320	22,315
	251,624	200,962
Capital assets, at cost (Note 2)		
Property, buildings and furnishings	4,189,808	4,105,198
	$ 4,441,432	$ 4,306,160
LIABILITIES AND EQUITY		
Current		
Accounts payable	39,351	51,661
Equity		
Investment in capital assets	4,189,808	4,105,198
Operating fund surplus	212,273	149,301
	4,402,081	4,254,499
	$ 4,441,432	$ 4,306,160

Statement of Operations
Year Ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Revenue			
Operating grants			
Board of Governors of the Nova Scotia Museum	$ 928,300	$ 970,404	$ 928,300
Capital grants			
Department of Transportation and Public Works (Note 4)	---	84,907	97,770
Program revenue (Schedule 2)	273,600	349,338	334,225
Other			
Gate admissions	143,000	152,296	141,264
Interest	4,000	14,179	10,790
Miscellaneous	8,290	7,650	5,171
	155,290	174,125	157,225
Total revenue	1,357,190	1,578,774	1,517,520
Expenditures			
General operating (Schedule 1)	609,940	631,497	532,960
Program (Schedule 2)	732,385	811,010	766,500
Capital	—	73,295	100,793
Total expenditures	1,342,325	1,515,802	1,400,253
Net revenue	$ 14,865	$ 62,972	$ 117,267

SHERBROOKE RESTORATION COMMISSION

Statement of Fund Balances
Year Ended March 31, 2000

	2000	1999
INVESTMENT IN CAPITAL ASSETS		
Balance, beginning of year	$ 4,105,198	$ 4,001,105
Additions		
Furnishings and equipment	11,315	3,300
Renovations - Department of Transportation and Public Works	73,295	100,793
	84,610	104,093
Balance, end of year	$ 4,189,808	$ 4,105,198
OPERATING FUND SURPLUS		
Balance, beginning of year	$ 149,301	$ 32,034
Net revenue	62,972	117,267
Balance, end of year	$ 212,273	$ 149,301

Statement of Cash Flows
Year Ended March 31, 2000

	2000	1999
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net revenue	$ 62,972	$ 117,267
Add capital expenditures charged to operations	84,610	104,093
	147,582	221,360
Changes in non-cash operating capital items (Note 6)	(14,380)	(336,800)
	133,202	(115,440)
Investing		
Additions to property, buildings and furnishings	(84,610)	(104,093)
Investment in guaranteed investment certificate	(25,000)	—
	(109,610)	(104,093)
Net cash inflow (outflow).	23,592	(219,533)
Cash position , beginning of year	62,416	281,949
Cash position , end of year	$ 86,008	$ 62,416
Represented by:		
Cash	$ 86,008	$ 62,416

SHERBROOKE RESTORATION COMMISSION

Notes to the Financial Statements
Year Ended March 31, 2000

1. DESCRIPTION OF OPERATIONS

The Commission operates the Sherbrooke Village Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting policies considered appropriate for the museums of Nova Scotia. The more significant of these accounting policies are summarized below:

a) Fund Accounting

The assets and liabilities of the Commission are segregated into two funds - Operating and Investment in Property, Buildings and Furnishings. The Operating Fund assets and liabilities are those which are used for the general operations of the Commission. The Investment in Property, Buildings and Furnishings Fund comprises assets of enduring benefit and any related debt.

b) Amortization

Amortization is not recorded on the capital assets.

c) Capital Assets

Capital assets reflect all expenditures of the Commission from June 15, 1971 to March 31,1974 and all expenditures of a capital nature thereafter. These capital expenditures have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets.

d) Inventory

Inventories of finished goods for resale and raw materials are accounted for at the lower of cost and market.

e) Cash

Cash consists of amounts held at financial institutions.

3. GUARANTEED INVESTMENT CERTIFICATE

During the year, the Sherbrooke Restoration Commission internally restricted $25,000 for the Sherbrooke Village Development fund. This fund will be for capital items that will fulfil the long-term objectives of the Commission, such as enhancements.

4. CAPITAL GRANTS - DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

The Commission receives grants for capital projects from the Nova Scotia Department of Transportation and Public Works. The portion of these grants relating to reimbursement for Workers' Compensation is applied directly to reduce the Workers' Compensation expense, rather than to revenue.

5. PENSION PLAN

The Commission has a defined benefit pension plan which covers all employees. The plan is contributory and provides retirement benefits based on length of service and average earnings as defined. The last actuarial valuation was carried out in 1998, and covered the financial position of the plan as at December 31, 1997. At that time, the assets of the plan amounted to $657,922 and the liabilities amounted to $528,205, with the result that the plan had a surplus of $129,717 at that date.

6. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2000	1999
Accounts receivable	$ (16,718)	$ 8,613
Investment	(5,347)	---
Inventory	---	16,101
Prepaid expenses	19,995	(3,485)
Accounts payable	(12,310)	21,971
Deferred revenue	---	(380,000)
	$ (14,380)	$ (336,800)

SHERBROOKE RESTORATION COMMISSION

Schedule 1

Schedule of General Operating Expenditures
Year Ended March 31, 2000

	2000 Budget	2000 Actual	1999 Actual
Advertising and brochures	$ 22,000	$ 20,765	$ 15,542
Bad debts	—	—	1,710
Freight	2,000	2,200	2,401
Heat, light and power	59,000	58,404	51,591
Insurance and taxes	3,800	5,523	2,919
Interest and bank charges	2,600	2,488	2,885
Maintenance supplies	15,000	20,856	15,546
Miscellaneous	8,700	7,596	4,365
Motor vehicles	3,000	3,934	5,598
Office supplies and postage	8,000	18,943	13,034
Sewer and water	40,000	35,257	35,894
Professional fees	6,000	7,537	4,500
Property maintenance and security salaries	99,790	103,717	99,264
Pension plan and other benefits	65,000	56,728	27,161
Salaries and wages - Administration	210,050	228,197	200,507
Staff and Commission training	25,000	9,796	9,487
Special projects wages	(4,000)	194	603
Telephone	14,000	16,728	15,415
Travel	10,000	11,114	10,319
Workers' compensation	20,000	21,520	14,219
	$ 609,940	$ 631,497	$ 532,960

Schedule 2

Schedule of Program Revenue and Expenditures
Year Ended March 31, 2000

	2000 Budget	2000 Net Expenditures	1999 Net Expenditures
Blacksmith shop	$ 13,405	$ 11,903	$ 9,817
Boat shop	10,655	—	—
Costume shop	25,130	30,768	23,643
Craft shop	26,195	35,578	29,757
Emporium (Schedule 3)	(25,500)	(29,793)	5,024
Exhibit operations	22,620	3,301	1,533
Jordan barn	34,135	46,202	43,984
Pottery shop	27,700	31,244	28,124
Restaurant	(1,500)	11,349	(334)
Print shop	1,000	302	(21)
Sawmill operations	19,530	26,355	28,950
Ambrotype Studio	11,560	5,718	9,902
Turner shop	26,190	19,054	20,169
Woodworking shop	19,290	24,713	30,060
Education program	(11,000)	(28,377)	(21,769)
Guides	246,265	269,700	221,173
Riverfront project	10,000	4	1,652
Theatre program	3,110	3,651	611
	$ 458,785	$ 461,672	$ 432,275
Program expenditures	$ 732,385	$ 811,010	$ 766,500
Less: Program revenue	273,600	349,338	334,225
Net expenditures	$ 458,785	$ 461,672	$ 432,275

Schedule 3

Schedule of Retail Operations
Year Ended March 31, 2000

		2000		1999
Revenue				
Sales	$	170,597	$	162,286
Cost of goods sold				
Merchandise inventory, opening		26,427		50,903
Purchases		111,119		94,854
Merchandise available for sale		137,546		145,757
Less: Merchandise inventory, ending		33,586		26,427
Cost of goods sold		103,960		119,330
Gross profit on sales		66,637		42,956
Expenses				
Salaries and wages		30,027		42,496
General expense		6,817		5,484
		36,844		47,980
Net retail income (loss)	$	29,793	$	(5,024)

AUDITORS' REPORT

To the Chairperson and Members
of the Southwest Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Southwest Regional School Board as at March 31, 2000, and the statements of operations for the year then ended. These financial statements are the responsibility of the Southwest Regional School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Southwest Regional School Board as at March 31, 2000, and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

GRANT THORNTON LLP
Registered Municipal Auditors

Bridgewater, Nova Scotia
June 2, 2000

SOUTHWEST REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Receivables (Note 2)	$ 4,789,114	$ 5,696,428
Inventory	404,775	432,118
Prepaid expenses	80,632	459,905
	5,274,521	6,588,451
Restricted cash	61,283	226,585
Restricted investments	100,916	96,652
	162,199	323,237
Fixed assets, at cost		
Land, buildings and improvements (Note 3)	54,652,477	50,837,800
New Germany High Upgrade Project	250,000	250,000
Digby Energy Project	250,000	250,000
Equipment and furnishings	17,429,486	17,067,833
School buses and other vehicles	10,955,583	10,656,175
	83,537,546	79,061,808
	$ 88,974,266	$ 85,973,496

LIABILITIES

	2000	1999
Current		
Bank overdraft	$ 1,567,143	$ 3,813,994
Payables and accruals		
Trade	1,640,590	1,629,476
Payroll and employee deductions	192,662	318,440
C.S.A.P.	798,045	452,241
Deferred revenue	352,904	219,841
Current portion of Province of Nova Scotia (Note 4)	---	135,644
Current portion of Municipal Finance (Note 4)	---	50,000
	4,551,344	6,619,636
Long term		
Commitment to Early Retirement Program (Note 7)	22,225,143	22,225,143
Long term Province of Nova Scotia (Note 4)	---	282,197
Municipal Finance Corporation (Note 4)	---	150,000
	22,225,143	22,657,340
Equity		
Reserves	662,199	323,237
Surplus (deficit)	223,177	(63,382)
Investment in Early Retirement Program (Note 7)	(22,225,143)	(22,225,143)
Investment in capital assets	83,537,546	78,661,808
	62,197,779	56,696,520
	$ 88,974,266	$ 85,973,496

Commitments (Note 5)
Contingencies (Note 8)
Uncertainty (Note 9)

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Receivables (Note 2)	$ 4,789,114	$ 5,696,428
Inventory	404,775	432,118
Prepaid expenses	80,632	459,905
	$ 5,274,521	$ 6,588,451

LIABILITIES

	2000	1999
Current		
Bank overdraft	$ 1,567,143	$ 3,813,994
Payables and accruals		
Trade	1,640,590	1,629,476
Payroll and employee benefits	192,662	318,440
C.S.A.P.	798,045	452,241
Deferred revenue	352,904	219,841
Current portion of Province of Nova Scotia (Note 4)	—	85,644
	4,551,344	6,519,636
Long term debt		
Commitment to Early Retirement Program (Note 7)	22,225,143	22,225,143
Province of Nova Scotia (Note 4)	—	132,197
	22,225,143	22,357,340
Due to Reserve Fund	500,000	—

EQUITY

	2000	1999
Investment in Early Retirement Program (Note 7)	(22,225,143)	(22,225,143)
Surplus (deficit)	223,177	(63,382)
	(22,001,966)	(22,288,525)
	$ 5,274,521	$ 6,588,451

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Operations
Year Ended March 31, 2000

	Budget	2000 Actual	1999 Actual
Revenue			
Province of Nova Scotia	$ 72,787,200	$ 76,903,881	$ 72,834,161
Government of Canada	1,089,417	1,050,594	1,271,530
Appropriations from Councils	18,120,500	18,120,546	17,816,948
Board Operations	590,012	748,011	738,587
Transfer from Reserves	207,704	251,642	18,125
	92,794,833	97,074,674	92,679,351
Expenditures			
Regional Board Management	2,861,843	2,887,730	2,609,528
School Administration and Instruction	63,012,584	63,045,525	60,794,636
Special Education	9,286,839	9,258,960	7,373,136
Adult Education	480,500	535,570	400,668
Summer School	30,000	28,191	29,873
Driver Education	---	---	31,088
Federal programs	---	---	833,778
Cafeteria	---	---	50,793
Property Service	8,679,959	8,931,616	8,486,818
Student Transportation	6,421,844	6,793,634	6,161,152
Operating Capital	1,793,789	4,860,634	3,540,540
Prior Years' Deficit	227,475	227,478	2,509,175
	92,794,833	96,569,338	92,821,185
Excess of expenditures over revenue	---	505,336	(141,834)
Transfer to Reserve - Future Operations	---	(500,000)	---
Excess of expenditures over revenue after transfer to reserves	$ ---	$ 5,336	$ (141,834)

See accompanying notes to the financial statements

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Surplus
Year Ended March 31, 2000

	2000	1999
Deficit, beginning of year	$ (63,382)	$ (2,705,415)
Transfer from current operations	141,834	2,495,103
Reduction of 1997 deficit of $506,605		
Province of Nova Scotia - Reduction	132,197	274,692
Deficit repayment	85,644	14,072
	296,293	78,452
Transfer to current operaitons	(78,452)	---
Excess expenditures over revenue	5,336	(141,834)
Surplus (deficit), end of year	$ 223,177	$ (63,382)

Capital Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Fixed assets, at cost		
Land, buildings and improvements (Note 3)	$ 54,652,477	$ 50,837,800
New Germany High - upgrade project	250,000	250,000
Digby emergency system upgrade	250,000	250,000
Equipment and furnishings	17,429,486	17,067,833
School buses and other vehicles	10,955,583	10,656,175
	$ 83,537,546	$ 79,061,808

LIABILITIES

	2000	1999
Current		
Long term debt	$ ---	$ 100,000
Long term		
Municipal Finance Corporation (Note 4)	---	150,000
Province of Nova Scotia (Note 4)	---	150,000
	---	300,000

EQUITY

	2000	1999
Investment in capital assets	83,537,546	78,661,808
	$ 83,537,546	$ 79,061,808

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Investment in Capital Assets
Year Ended March 31, 2000

	2000	1999
Balance, beginning of year	$ 78,661,808	$ 76,465,019
Capital purchases		
Land, building and improvements	3,814,677	2,608,289
New Germany High Upgrade	200,000	50,000
Digby High Energy Management System	200,000	50,000
Equipment and furnishings	361,653	603,674
	4,576,330	3,311,963
School bus/motor vehicle dispositions	(670,987)	(1,962,029)
School buses	970,395	846,855
Balance, end of year	$ 83,537,546	$ 78,661,808

Reserve Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Restricted cash	$ 61,283	$ 226,585
Restricted investments	100,916	96,652
Due from operating fund	500,000	---
	$ 662,199	$ 323,237

EQUITY

	2000	1999
Reserve for future operations	$ 500,000	$ ---
Reserve for future projects	4,850	4,628
Reserve for retirement awards	108,866	103,885
Reserve for libraries	---	7,730
Reserve for equipment	17,826	17,010
Reserve for school bus replacement	---	34,458
Reserve for capital projects	30,657	155,526
	$ 662,199	$ 323,237

Statement of Continuity of Reserves
March 31, 2000

	Balance Beginning of Year	Transfer To Operating Fund	Interest Revenue	Balance End of Year
Future operations	$ ---	$ 500,000	$ ---	$ 500,000
Future projects - investment increase	4,628	---	222	4,850
Retirement awards	103,885	---	4,981	108,866
Library upgrade	7,730	(7,990)	260	---
Technology and equipment	17,010	---	816	17,826
School bus replacement	34,458	(35,948)	1,490	---
Future capital - air handling project	15,265	(15,643)	378	---
Future capital projects	140,261	(113,609)	4,005	30,657
	$ 323,237	$ 326,810	$ 12,152	$ 662,199

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Revenues
Year Ended March 31, 2000

		2000	1999
	Budget	Actual	Actual
Province of Nova Scotia			
General Formula	$ 65,545,800	$ 65,723,586	$ 55,883,712
General Formula - other	---	500,000	---
Grants - Junior High Computer Networks	177,300	220,000	130,000
Transportation	---	---	6,273,000
Special education	4,941,000	4,941,000	4,704,587
Learning disability grant	155,800	188,787	143,250
Special education - transition homes	---	---	6,700
Textbook credit	787,200	787,200	787,184
Bus purchase	814,800	814,800	814,800
Emergency capital	---	3,051,540	1,903,502
Other:			
Wage recovery	---	279,091	---
APEF - Learning Resources	118,200	118,200	---
APEF - Provincial Development	118,200	118,200	---
Infrastructure	---	---	287,162
School initiative - 3P schools	50,000	50,000	75,000
Professional development - special education	29,300	---	50,638
Level 5 treatment facility	28,600	59,620	28,422
Provincial gas tax rebate	7,000	14,401	7,670
Prior years' deficit - funding	---	---	1,470,000
French monitor program	14,000	26,733	32,534
Environmental	---	---	236,000
Technologist Grant - Meadowfields	---	10,393	---
SAC - Inservice Grant	---	330	---
	$ 72,787,200	$ 76,903,881	$ 72,834,161
Government of Canada			
Dept. of Indian/Northern Development	$ 269,800	$ 262,718	$ 289,008
Employment and Immigration	19,038	29,499	57,230
French formula grant	60,000	58,875	88,564
French special projects	275,000	292,389	259,226
Co-op education	---	---	1,248
School to work transition program	---	---	70,000
IEI Technology project	465,579	407,113	506,254
	$ 1,089,417	$ 1,050,594	$ 1,271,530

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Revenues (continued)
Year Ended March 31, 2000

		2000	1999
	Budget	Actual	Actual
Appropriations from Councils			
Town of Bridgewater	$ 1,483,960	$ 1,483,960	$ 1,487,900
Town of Lunenburg	423,399	423,399	415,342
Town of Mahone Bay	186,891	186,891	177,991
Municipality of Chester	2,091,730	2,091,730	2,054,132
Municipality of Lunenburg	3,853,626	3,853,626	3,753,022
Region of Queens Municipality	2,289,348	2,289,348	2,248,772
Municipality of Barrington	901,107	901,107	875,702
Town of Clark's Harbour	114,097	114,097	114,706
Town of Shelburne	248,173	248,173	248,209
Municipality of Shelburne	696,187	696,187	673,710
Town of Lockeport	79,582	79,582	76,838
Town of Yarmouth	1,141,879	1,141,879	1,149,164
Municipality of Yarmouth	1,296,164	1,296,164	1,261,867
Municipality of Digby	819,119	819,119	799,302
Town of Digby	284,501	284,502	303,734
Municipality of Clare	1,140,711	1,140,756	1,129,178
Municipality of Argyle	1,070,026	1,070,026	1,047,379
	$ 18,120,500	$ 18,120,546	$ 17,816,948
Board Operations			
Investment income	$ 50,000	$ 73,062	$ 213,088
Cafeteria	---	---	34,516
Adult education fees	100,100	83,532	109,819
Nursery school fees	73,000	93,762	72,082
Summer school fees	30,000	28,395	31,378
Driver education fees	---	---	31,658
Other fees/revenues			
Rental of buses	70,000	144,795	72,333
Vandalism reimbursement	4,000	614	5,312
Insurance claims	---	---	14,555
International student program	200,000	257,271	102,584
School programming-various grants	51,912	45,781	29,246
Miscellaneous	---	9,124	---
Total other fees/revenues	325,912	457,585	224,030
Facilities rental	10,000	6,880	9,884
Sale of assets	1,000	4,795	12,132
	$ 590,012	$ 748,011	$ 738,587

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures
Year Ended March 31, 2000

	2000		1999
	Budget	Actual	Actual
Regional Board Management			
Salaries, wages and honoraria: administration	$ 502,683	$ 508,895	$ 512,208
Salaries, wages and honoraria: board members	135,000	134,709	134,831
Salaries, wages and honoraria: clerical	642,504	650,074	550,584
Salaries, wages and honoraria: other	135,829	126,847	106,743
Employer benefits: statutory benefits	86,622	84,657	81,303
Employer benefits: group insurance/pension	65,000	79,551	61,500
Employer benefits: professional development	27,500	11,509	288
Supplies and materials	235,195	238,939	180,896
In-service training	3,000	2,069	---
Travel and conference: other staff travel/conference	85,900	91,318	92,840
Travel and conference: board members travel/conference	85,300	86,515	86,814
Liability insurance	120,000	140,127	125,589
Professional services: audit	19,000	20,352	13,172
Professional services: legal	120,000	141,057	129,752
Contracts: administrative services	---	---	---
Contracts: bank charges	1,500	---	958
Board office: rental	54,000	54,984	53,967
Occupational health	8,610	10,881	10,387
Board office: telephone	110,600	105,148	129,196
Board office: utilities	20,500	27,285	26,049
Dues/fees	90,650	87,958	86,370
School board elections	18,000	17,745	272
Computer services/equipment/data communication	129,500	123,776	93,633
Other:			
Debt service	22,750	22,749	16,371
Advertising	56,600	48,668	62,772
Insurance claim - Barrington High	---	---	13,461
Board office: maintenance	30,600	22,697	19,523
Overdraft interest	35,000	33,500	20,049
Compensation study	20,000	15,720	---
	$ 2,861,843	$ 2,887,730	$ 2,609,528

See accompanying notes to financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2000

		2000	1999
	Budget	Actual	Actual
School Administration and Instruction			
Salaries and wages: administration	$ 4,695,129	$ 4,727,930	$ 4,452,899
Salaries and wages: instruction	44,691,406	44,591,828	43,593,454
Salaries and wages: substitutes	1,550,000	1,460,511	1,573,063
Salaries and wages: sabbatical	414,948	427,284	180,595
Salaries and wages: support services	515,421	553,652	295,499
Salaries and wages: library	457,541	448,914	454,425
Salaries and wages: guidance	1,001,172	1,010,522	947,787
Salaries and wages: student assistants/tutors	25,000	12,865	29,725
Salaries and wages: clerical	1,412,331	1,456,373	1,381,785
Salaries and wages: lunch and bus	400,000	389,119	434,238
Salaries and wages: other	---	67,864	5,731
Employer benefits: statutory benefits	2,909,733	2,911,917	2,854,623
Employer benefits: service awards	70,000	81,434	172,809
Employer benefits: group insurance/pension	300,000	275,998	565,646
Employer benefits: professional development	195,770	190,781	46,774
School admin. and instruction - supplies			
Administration	---	92,355	116,714
Instruction and curriculum	1,070,250	511,312	412,065
Copies/copier leases	---	370,969	379,488
Postage	---	19,519	18,724
Books - instruction	---	37,692	50,861
Furniture and equipment	---	99,731	101,043
APEF - Learning Resources - supplies	118,200	118,200	---
SAC Allocation	19,331	19,352	1,274
Junior High Network	177,300	220,000	129,373
Total school admin and instruction - supplies	1,385,081	1,489,130	1,209,542
Supplies and materials: guidance	---	1,047	816
Supplies and materials: library	146,321	129,537	123,446
Supplies and materials: textbook credit allocation	787,184	787,200	787,184
Supplies and materials: other supplies	190,412	180,880	146,410
In-service training	167,000	136,220	124,292
Travel: circuit/resource	40,000	73,404	42,752
Travel: other staff travel/conference	216,900	184,660	189,699
Telephone/fax/data communication	221,000	301,163	222,943
Computer services	178,300	171,536	73,736
Other:			
CSAP - purchase of services	405,076	345,804	299,241
Extracurricular - board paid/supplies	20,000	2,500	14,505
Needs Assessment	20,000	38,518	---
International Student Program	130,000	189,821	59,500
IEI Technology Program	465,759	407,113	506,254
Other expenses	1,100	---	5,263
	$ 63,012,584	$ 63,045,525	$ 60,794,636

See accompanying notes to the financial statements.

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2000

		2000	1999
	Budget	Actual	Actual
Special Education			
Salaries and wages: administration	$ 61,344	$ 61,649	$ 58,511
Salaries and wages: instruction	4,183,152	4,200,052	2,875,653
Salaries and wages: substitutes	---	---	3,308
Salaries and wages: support services	794,696	801,372	751,826
Salaries and wages: student assistants	3,358,304	3,327,838	3,001,842
Salaries and wages: clerical	23,801	23,721	23,567
Salaries and wages: other	---	---	829
Benefits: statutory benefits	563,027	544,008	404,120
Benefits: group insurance/pension	120,000	115,135	107,938
Benefits: professional development	15,000	15,230	---
Supplies and materials	34,730	25,309	21,515
In-service training	35,000	35,303	6,269
Travel: circuit/resource	44,000	55,616	48,701
Travel: other travel/conference	39,885	39,066	39,786
Telephone/fax/data comm.	11,400	13,927	15,950
Computer services	---	---	13,321
Other	2,500	734	---
	$ 9,286,839	$ 9,258,960	$ 7,373,136
Adult Education			
Salaries and wages: administration	$ 124,000	$ 119,313	$ 70,426
Salaries and wages: instruction	185,000	214,424	---
Salaries and wages: support services	50,000	49,690	200,178
Salaries and wages: clerical	12,000	26,487	11,368
Salaries and wages: other	---	---	25,908
Benefits: statutory benefits	36,000	32,933	24,595
Benefits: group insurance/pension	---	9,726	2,993
Supplies and materials	36,300	37,789	33,285
In-service training	1,000	---	971
Travel: other travel/conference	5,200	4,128	4,159
Building rental - nursery	---	11,000	---
Telephone/fax/data comm.	6,000	13,920	5,731
Other	25,000	16,160	21,054
	$ 480,500	$ 535,570	$ 400,668
Summer School			
Salaries and wages: instruction	$ 13,700	$ 12,000	$ 13,695
Salaries and wages: other	11,300	10,750	11,550
Benefits: statutory benefits	1,000	735	575
Supplies and materials	4,000	4,706	4,053
	$ 30,000	$ 28,191	$ 29,873
Driver Education			
Salaries and wages: instruction	$ ---	$ ---	$ 31,088

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2000

	2000		1999
	Budget	Actual	Actual
Federal Programs			
Stay-in-school	$ ---	$ ---	$ 71
Reading recovery	---	---	777,240
School to work transition program	---	---	56,467
	$ ---	$ ---	$ 833,778
Cafeteria			
Salaries and wages: other	$ ---	$ ---	$ 33,055
Benefits: statutory benefits	---	---	1,548
Supplies and materials: other	---	---	1,488
Contracted services	---	---	3,944
Utilities	---	---	4,278
Other	---	---	6,480
	$ ---	$ ---	$ 50,793
Property Services			
Salaries and wages: supervisory	$ 196,474	$ 195,308	$ 257,147
Salaries and wages: maintenance	383,947	375,357	354,862
Salaries and wages: custodial	3,244,904	3,251,748	3,170,220
Salaries and wages: P-3 recovery	---	(75,228)	---
Salaries and wages: clerical	51,569	49,781	35,333
Salaries and wages: other	85,800	69,924	52,479
Benefits: statutory benefits	320,415	329,575	332,736
Benefits: service awards	---	---	45,356
Benefits: group insurance/pension	200,000	199,075	153,549
Benefits: other benefits	1,000	2,641	691
Supplies and materials: maintenance	566,500	528,902	521,946
Supplies and materials: custodial	300,000	279,230	334,698
Supplies and materials: other	67,600	62,511	43,322
Insurance	200,000	207,256	215,564
Utilities			
Electricity	1,400,000	1,379,697	1,368,436
Heat-fuel oil	665,000	727,078	619,623
Sewer/water/fire	188,700	203,694	162,967
	2,253,700	2,310,469	2,151,026
In-service training	7,000	5,856	5,578
Travel/conference	40,000	41,431	46,263
Rental of facilities	85,250	81,296	81,342
Contracted services: maintenance	444,000	558,873	419,671
Contracted services: custodial			
Snow removal	85,000	134,367	94,174
Garbage removal	90,000	112,003	102,203
Other contracted services: custodial	7,500	7,544	5,115
	182,500	253,914	201,492

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2000

		2000	1999
	Budget	Actual	Actual
Telephone/fax	29,300	35,110	30,239
Computer services	5,000	—	13,759
Equipment repairs	10,000	10,656	5,124
P-3 maintenance charges	—	152,384	—
Architectural fees	5,000	5,547	14,421
	$ 8,679,959	$ 8,931,616	$ 8,486,818
Pupil Transportation			
Salaries and wages: supervisory	$ 144,116	$ 141,574	$ 235,818
Salaries and wages: drivers	3,364,244	3,404,371	3,354,458
Salaries and wages: mechanics and helpers	495,614	480,444	494,021
Salaries and wages: clerical	70,500	71,545	43,169
Benefits: statutory benefits	323,932	359,794	324,841
Benefits: service awards	19,488	19,488	—
Benefits: group insurance/pension	275,000	238,984	182,090
Benefits: other benefits	13,000	13,617	715
Supplies and materials	80,600	75,878	111,982
Vehicle operating expenses: gas/oil/grease	525,800	512,568	501,347
Vehicle operating expenses: tires/tubes	100,000	109,223	104,400
Vehicle operating expenses: registration and license	102,000	101,177	92,637
Vehicle operating expenses: insurance	65,000	62,066	61,163
Vehicle operating expenses: repairs/maintenance	436,000	763,642	354,068
Garage expenses: repairs/maintenance	33,000	60,248	32,697
Garage expenses: utilities	52,600	53,108	52,629
In-service training	15,000	18,075	8,852
Travel/conference	29,000	43,761	28,368
Extra-curricular travel	64,000	113,874	3,977
Contract conveyance	95,000	64,720	104,922
Telephone/fax	38,950	39,358	49,399
Computer services	40,000	12,838	4,706
Bus site maintenance	6,000	6,309	7,429
Equipment repairs	33,000	26,972	7,464
	$ 6,421,844	$ 6,793,634	$ 6,161,152

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2000

	Budget	2000 Actual	1999 Actual
Emergency capital	$ ---	$ 3,051,540	$ 1,903,503
Repairs and renovations: other programs	---	4,557	---
Repairs and renovations: property service	511,000	504,891	690,182
Furniture and equipment: school administration and instruction	137,000	99,998	---
Furniture and equipment: property service	129,252	129,252	---
Vehicles: transportation - buses	828,537	891,483	846,855
Vehicles: transportation - property service	88,000	78,913	---
Capital debt service	100,000	100,000	100,000
	$ 1,793,789	$ 4,860,634	$ 3,540,540

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Notes to the Financial Statements
March 31, 2000

1. Accounting principles

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

Inventories

Garage parts inventory is recorded at cost. All other supplies and purchases are expensed.

Financial statement presentation

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

Expenditure recognition

Expenditures other than salaries are recorded on an accrual basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

Capital equipment and school buses

Fixed assets are recorded at cost. Assets received from the various boards as at January 1, 1982, under the agreement creating the Southwest Regional School Board, are treated as additions to investments in fixed assets. The Board does not record depreciation on its fixed assets.

2. Receivables

	2000	1999
Government of Canada	$ 843,847	$ 1,379,869
Province of Nova Scotia	2,233,029	2,829,823
NSSRA - NSTU Salcon Insurance (Note 8)	250,000	250,000
Municipalities	---	87,282
Band Councils	421,629	368,182
C.S.A.P.	67,788	67,788
Other	972,821	713,484
	$ 4,789,114	$ 5,696,428

3. Land, buildings and improvements

Prior to the formation of the Southwest Regional School Board, certain municipal units had joined to form District School Boards. Under various agreements, land and school buildings on hand remained assets of the appropriate municipal units but were under the operational control of the District School Boards until such time as the Board no longer required the assets for school purposes. At that time, control reverted back to the appropriate municipality. These agreements will now remain in force with the Southwest Regional School Board.

The Southwest Regional School Board has a vested interest in capital improvements to school buildings. Under the Education Act, should a municipal unit sell a building returned to it by the Board under the circumstances noted above, a portion of the proceeds will be payable to the Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds will similarly be payable to the Board.

4. Long term debt

	2000	1999
Operating		
0% bridge financing, Province of Nova Scotia. Interest free for duration of loan's three year period	$ ---	$ 492,533
Less portion paid by Province of Nova Scotia	---	274,692
	---	217,841
Less current portion	---	85,644
	$ ---	$ 132,197
Capital		
6.5% loan Province of Nova Scotia Maintenance Stabilization Fund, maturing in 2003. Repayable in semi-annual payments of $25,000 plus interest	$ ---	$ 200,000
4.5% - 6.5% Nova Scotia Municipal Finance Corporation debenture, maturing in 2003. Repayable in annual instalments of $50,000 principal plus interest	---	200,000
	---	400,000
Less current portion		100,000
	$ ---	$ 300,000

5. Commitments

Service awards

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teacher's Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amounts of the awards are as follows:

Digby District	- $80 per year of service
Queens District	- 0.45 of one percent of a TC5 - MAX per year of service
Shelburne District	- $90 per year of service
Yarmouth Dictrict	- 0.75 of one percent of annual salary per year of service
Lunenburg District	- $200 per year of service
Clare/Argyl District	- 0.60 of one percent of annual salary per year of service

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and Southwest Regional School Board the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The amount of $81,434 recorded as a service award expense represents the cash payment to teachers who retired in the fiscal year 1999/2000 and under the Early Retirement Program. Appropriations are not made for the cost of service award credits earned in the current year by teachers who have not yet retired. Any future liability is completely unfunded.

P-3 Operating Expenses

The Board is planning to open a new school for the 99/00 school year. This school is being built under a Public Private Partnership arrangement with the Province of Nova Scotia as the lessee. The lease contains both a capital and operating component and all payments are to be made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province intends to recover a portion of the operating lease payment from the school board. As there are going to be a significant number of leased schools in the next few years, it has been agreed by the Province to establish a province-wide rate for this recovery from school boards. At year end, this rate has been established as $4 per square foot. A cost recovery of $152,384 for one P-3 school for 6.5 months has been recorded for the year ended March 31, 2000 under the Property Service expenditure funciton.

Purchase

The Board has entered into an agreement to purchase a new payroll system. Payments remaining over the next two years under the agreement are as follows:

2001	$	50,000
2002	$	50,000

6. Pensions plans

The Board makes payments into the following pension plans:

Lunenburg District	- C.U.P.E. staff and support staff non-teaching defined benefit plans.
Queens District	- Non-teaching staff money purchased plan and defined benefit plan.
Shelburne District	- Non-teaching staff money purchase plan and defined benefit plan.
Yarmouth District	- Non-teaching staff money purchased plan and undivided registered retirement savings plan.
Digby District	- Non-teaching staff defined benefit plan.

Recent actuarial reports have not been prepared for these various plans and therefore no balances have been reflected in these financial statements. The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers Pension Act.

7. Early Retirement (1994-98) Program (ERP)

On July 22, 1994, regulations governing the Nova Scotia Teachers' Early Retirement (1994-98) Program were enacted by the Province of Nova Scotia. This program entitles teachers who meet the eligibility criteria to elect to retire at a date preceding their normal retirement date.

The program operates and is accounted for in the following manner. For each program participant, the Board records the present value of the prescribed obligation with a corresponding deferred expenditure amount. In respect of each participant, the obligation is being repaid in monthly instalments; payments are charged to operations. In addition, both the deferred expenditure account and the obligation are reduced by the extent of the principal retired.

As at March 31, 1999, there were 179 teachers who had retired under the Early Retirement Program. The Board has recognized the remaining liability associated with these retirements in the amount of $22,225,143 as at March 31, 2000. Sufficient data was not avaiable to provide a breakdown by indivudual school boards as of March 31, 2000, therefore the obligation amount remains the same as March 31, 1999.

The Early Retirement Plan (1994-1998) resulted in the regional school board providing the Teachers Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under this plan. During the 2000-2001 fiscal year, the Province of Nova Scotia will make payments on behalf of the original school board to fulfill the annual obligation due under provisions of the Early Retirement Plan.

8. Contingencies

Receivable

Receivables include an amount of $250,000 which is a recovery due from the Nova Scotia Teachers' Union Salcon. This amount is being pursued on behalf of the Southest Regional School Board by the Nova Scotia School Board's Association.

Legal

There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has occured, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to customers, suppliers, or other third parties, have been fully resolved.

10. Subsequent Event

As of the audit report date, it was still pending that the Southwest Regional School Board will be restructed into two districts - The South Shore District School Board and the Tri County District School Board. The Southwest Regional School Board will be responsible for all operational issues and the two school districts will be responsible for educational issues. An estimate of the financial effect of this change cannot be made at this time.

SOUTHWEST REGIONAL SCHOOL BOARD

Trust Funds Balance Sheet
March 31, 2000

	2000	1999
Assets		
Cash	$ 358,717	$ 332,261
Equity		
Reserve for scholarships		
Teachers' Scholastic Scholarship	$ 5,779	$ 5,762
Forbes Mountain Scholarship	855	1,010
Josephine Christie Fredea Award	1,576	1,578
L.C.D.S.B. Memorial Scholarship	4,477	3,982
Murray Barkhouse Scholarship Fund	3,015	---
Robert Hirtle Memorial Fund	920	---
W.G.L.Hirtle Scholarship	10,555	10,408
Elinor Muir Leary Scholarship	10,672	10,183
Irene and Derrell Ernst Scholarship	5,338	5,336
David Lowe Scholarship	7,659	7,364
Clara Quinlan Scholarship	5,101	5,112
Monte Oickle Scholarship	4,885	4,995
Cameron Smith Memorial	145	138
Paul Eisnor Memorial	405	437
Austin Nauss Scholarship	2,032	2,237
Rodney Veinot Memorial	2,671	2,529
Timothy Daniels Memorial	2,994	2,810
Sylvia Weagle Bursary	29,715	29,182
Dr. J.C. Wickwire	2,712	3,159
Augusta Nickerson	12,653	12,073
J. Pask Memorial	116	111
Margaret Ernst MacLeod	3,419	3,262
Elsie Hemeon Fund	469	447
Stay-in-School Bursary	1,711	1,632
F. Dakin and P. Dakin Dickson	42,438	41,456
Dr. Charles and Mary Webster	22,506	22,540
Erna Westhaver Loomis	36,828	36,426
Yarmouth District Scholarship Society		
Unassigned	3,361	3,383
Samuel Margolian Trust - Yarmouth High	169	316
Samuel Margolian Trust - St. Ambrose	169	---
Churchill Trust	1,321	1,117
Loraleis Trust	1,589	1,611
Blackader - Kirk Trust	3,587	3,705
Andrew Maxwell	3,277	3,324
Marjorie E. Jones	60,689	57,907
CUPE Pension Fund	62,909	47,114
	$ 358,717	$ 332,646

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds
For the Year Ended March 31, 2000

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Teachers Scholastic	$ 5,762	$ ---	$ 7,423	$ 294	$ 7,700	$ 5,779
Forbes Mountain	1,010	---	---	45	200	855
J.C.Fredea Award	1,578	---	---	73	75	1,576
L.C.D.S.B. Memorial	3,982	300	---	195	---	4,477
Murray Barkhouse Scholarship Fund	---	1,955	1,000	60	---	3,015
Robert Hirtle Memorial Fund	---	---	913	7	---	920
W.G.L. Hirtle	10,408	---	---	497	350	10,555
Elinor Muir Leary	10,183	---	---	489	---	10,672
Irene/Derrell Ernst	5,336	---	---	252	250	5,338
David Lowe	7,364	---	165	355	225	7,659
Clara Quinlan	5,112	---	---	239	250	5,101
Monte Oickle	4,995	---	---	240	350	4,885
Cameron Smith	138	---	---	7	---	145
Paul Eisnor	437	---	---	18	50	405
Austin Nauss	2,237	---	---	95	300	2,032
Rodney Veinot	2,529	---	20	122	---	2,671
Timothy Daniels	2,810	---	550	134	500	2,994
Sylvia Weagle Bursary	29,182	---	---	1,381	848	29,715
Dr. J.C. Wickwire	3,159	---	275	133	855	2,712
Balance forward	$ 96,222	$ 2,255	$ 10,346	$ 4,636	$ 11,953	$ 101,506

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds (Continued)
For the Year Ended March 31, 2000

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Balance carried forward	$ 96,222	$ 2,255	$ 10,346	$ 4,636	$ 11,953	$ 101,506
Augusta Nickerson	12,073	---	---	580	---	12,653
J. Pask Memorial	111	---	---	5	---	116
Margaret Ernst MacLeod	3,262	---	---	157	---	3,419
R. Elsie Hemeon Fund	447	---	---	22	---	469
Stay in School Bursary Fund	1,632	---	---	79	---	1,711
F. Dakin and P. Dakin Dickson	41,456	---	---	1,982	1,000	42,438
Dr. Charles and Mary Webster	22,540	---	---	1,066	1,100	22,506
Ema Westhaver Loomis	36,426	---	---	1,702	1,300	36,828
Yarmouth District Scholarship Society						
Unassigned	3,383	---	25	153	200	3,361
Samuel Margolian Trust - Yarmouth High	158	161	---	8	158	169
Samuel Margolian Trust - St. Ambrose	158	161	---	8	158	169
Churchill Trust	1,117	---	250	54	100	1,321
Loraleis Trust	1,611	---	---	74	96	1,589
Blackader - Kirk Trust	3,705	---	200	182	500	3,587
Andrew Maxwell	3,324	---	---	153	200	3,277
Marjorie E. Jones	57,907	---	---	2,782	---	60,689
CUPE Pension Fund	47,114	13,252	---	2,543	---	62,909
	$ 332,646	$ 15,829	$ 10,821	$ 16,186	$ 16,765	$ 358,717

AUDITOR'S REPORT

To the Chairman and Members
Strait Regional School Board

I have audited the Operating Fund and Capital Fund of the Strait Regional School Board as at March 31, 2000 and the statements of operations and capital financing for the year then ended. These financial statements are the responsibility of the School Board's Management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Strait Regional School Board as at March 31, 2000 and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia Municipalities.

WILLIAM B. DRAPER
Chartered Accountant
Registered Municipal Auditor

Antigonish, Nova Scotia
June 21, 2000

STRAIT REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Cash	$ 3,450	$ 3,450
Prepaid expenses	303,898	1,046,509
Receivables		
Province of Nova Scotia	2,068,159	1,494,258
Municipal Councils	437,042	572,902
Government of Canada	1,860,724	1,360,478
General public	171,440	439,700
	4,844,713	4,917,297
Fixed assets, at undepreciated cost		
Equipment and furnishings	3,284,936	3,764,516
School buses and other vehicles	4,828,769	5,960,822
School buildings and improvements	38,171,731	42,468,594
	46,285,436	52,193,932
	$ 51,130,149	$ 57,111,229

LIABILITIES

	2000	1999
Current		
Cheques issued in excess of funds on deposit	$ 1,497,770	$ 1,652,583
Payables and accruals		
Trade and other	3,054,102	2,984,971
Employee deductions and salary accruals	280,553	232,537
Current portion of early retirement program	1,665,252	1,665,252
	6,497,677	6,535,343
Long term - commitment to early retirement program (Note 3)	19,909,283	19,909,283
	26,406,960	26,444,626

EQUITY

	2000	1999
Surplus (deficit) current year	12,288	47,206
Investment in capital assets	46,285,436	52,193,932
Investment in early retirement program	(21,574,535)	(21,574,535)
	24,723,189	30,666,603
	$ 51,130,149	$ 57,111,229

STRAIT REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Current		
Cash	$ 3,450	$ 3,450
Prepaid expenses	303,898	1,046,509
Receivables		
Province of Nova Scotia	2,068,159	1,494,258
Municipal councils	437,042	572,902
Government of Canada	1,860,724	1,360,478
General public	171,440	439,700
	$ 4,844,713	$ 4,917,297

LIABILITIES

	2000	1999
Current		
Cheques issued in excess of funds on deposit	$ 1,497,770	$ 1,652,583
Payables, accruals and deferrals		
Trade and other	3,054,102	2,984,971
Employee deductions and salary accruals	280,553	232,537
Current portion of early retirement program	1,665,252	1,665,252
	6,497,677	6,535,343
Long term - commitment to early retirement program (Note 3)	19,909,283	19,909,283
	26,406,960	26,444,626

EQUITY

	2000	1999
Surplus (deficit) current year	12,288	47,206
Investment in early retirement program	(21,574,535)	(21,574,535)
	(21,562,247)	(21,527,329)
	$ 4,844,713	$ 4,917,297

STRAIT REGIONAL SCHOOL BOARD

Statement of Operations
Year Ended March 31, 2000

	2000		1999
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia	$ 50,984,695	52,294,689	$ 52,520,637
Government of Canada	1,065,436	1,290,611	1,117,521
Board operations	714,034	652,143	592,112
Appropriation from councils	7,880,700	7,880,700	7,406,172
	60,644,865	62,118,143	61,636,442
Expenditures			
Regional Board Management	2,344,915	2,510,713	2,435,334
School administration and instruction	38,617,930	40,151,536	38,205,310
Property service	6,851,080	6,763,994	6,474,202
Student transportation	5,124,451	5,001,326	5,021,284
Special education	5,157,756	5,046,195	4,658,653
Capital expenditures and repayments	2,425,939	2,501,124	2,089,447
Cafeteria	170,000	178,173	185,209
	60,692,071	62,153,061	59,069,439
Current year operating	47,206	(34,918)	2,567,003
Surplus of previous year	47,206	47,206	2,519,797
Excess of revenue over expenditure		$ 12,288	$ 47,206

Statement of Continuity of Surplus (Deficit)
Year Ended March 31, 2000

	2000	1999
Balance, beginning of year (deficit)	$ 47,206	$ (2,519,797)
Add:		
Current year surplus	12,288	2,567,003
	59,494	47,206
Deduct:		
Surplus of prior year included in revenue	47,206	—
Balance, end of year	$ 12,288	$ 47,206

STRAIT REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2000

ASSETS

	2000	1999
Fixed assets, at cost		
Equipment and furnishings	$ 3,284,936	$ 3,764,516
School buses and other vehicles	4,828,769	5,960,822
School buildings and improvements	38,171,731	42,468,594
	$ 46,285,436	$ 52,193,932

INVESTMENT IN CAPITAL ASSETS

Investment in capital assets	$ 46,285,436	$ 52,193,932
	$ 46,285,436	$ 52,193,932

Statement of Continuity of Investment in Capital Assets
Year Ended March 31, 2000

	2000	1999
Balance, beginning of year	$ 52,193,932	$ 55,775,543
Capital purchases		
Buses and other vehicles	937,420	790,482
Equipment	615,399	—
	53,746,751	56,566,025
Retirement of assets and depreciation provision	7,461,315	4,372,093
Balance, end of year	$ 46,285,436	$ 52,193,932

STRAIT REGIONAL SCHOOL BOARD

Supplementary Detail of Revenue
Year Ended March 31, 2000

	2000		1999
	Budget	Actual	Actual
Province of Nova Scotia			
General formula and special	$ 41,885,400	$ 42,063,747	$ 42,908,584
Transportation - operating	4,801,600	4,801,600	4,612,500
Pronerty service	—	371,487	—
Professional Development	66,800	66,800	—
Special education	2,978,000	2,978,000	2,855,132
Textbook credit allocation	460,100	460,097	457,418
Emergency capital	—	80,554	236,914
Capital bus purchase	609,000	609,000	609,000
Special programs and projects	183,795	863,404	841,089
	$ 50,984,695	$ 52,294,689	$ 52,520,637
Government of Canada			
Indian and Northern Affairs	$ 922,950	$ 922,975	$ 861,855
Minority language	33,000	29,422	34,556
Special programs and projects	109,486	338,214	221,110
	$ 1,065,436	$ 1,290,611	$ 1,117,521
Board Operations			
Cafeterias	$ 170,000	$ 163,394	$ 177,168
Investment income	90,000	88,422	107,316
Program and rental income and sale of assets	454,034	342,131	281,898
Other	—	58,196	25,730
	$ 714,034	$ 652,143	$ 592,112

STRAIT REGIONAL SCHOOL BOARD

Supplementary Details of Expenditure
Year Ended March 31, 2000

	2000		1999
	Budget	Actual	Actual
Regional Board Management			
Salaries and wages			
Administrative and clerical	$ 1,299,177	$ 1,394,100	$ 1,282,261
Board Members	85,800	85,800	85,800
Employee benefits	195,242	198,720	287,086
Supplies, materials and equipment	140,000	198,606	115,237
Telephone and data transmission	90,000	78,532	92,962
Staff travel and conference expenses	171,821	198,753	196,008
Liability insurance	80,920	80,920	83,079
Professional fees	103,567	95,087	96,143
Bank charges	9,275	2,641	1,334
Board members expense	94,400	92,067	54,305
NSSBA Dues	59,713	59,713	57,773
Other, including computer services	15,000	25,774	83,346
	$ 2,344,915	$ 2,510,713	$ 2,435,334
School Administration and Instruction			
Salaries and wages			
Administration	$ 4,013,197	$ 4,062,643	$ 4,153,447
Instruction	25,661,436	25,490,864	24,936,756
Guidance	668,209	690,121	537,745
Library	688,178	657,982	563,332
Substitutes	982,772	1,142,574	1,056,720
Clerical	1,158,563	1,139,148	1,103,336
Lunch and bus supervision	320,000	308,581	307,459
Employee benefits	2,896,286	3,400,411	2,667,816
Supplies, materials and telephone	883,000	982,516	1,156,331
Textbook credit allocation	464,000	458,942	450,405
Travel and in service	110,734	115,131	115,633
Other programs and projects (Note 4)	771,555	1,702,623	1,156,330
	$ 38,617,930	$ 40,151,536	$ 38,205,310
Property Service			
Salaries and wages	$ 3,253,448	$ 3,214,298	$ 2,918,284
Employee benefits	433,373	454,329	358,880
Insurance	155,344	155,344	153,977
Utilities	2,205,020	2,128,307	2,219,800
Supplies and materials	597,300	626,324	769,270
Telephone, travel, contracted services & other	206,595	185,392	53,991
	$ 6,851,080	$ 6,763,994	$ 6,474,202

STRAIT REGIONAL SCHOOL BOARD

Supplementary Details of Expenditure (continued)
Year Ended March 31, 2000

Student Transportation			
Salaries and wages	$ 3,365,501	$ 3,351,892	$ 3,425,392
Employee benefits	481,850	509,828	442,867
Travel	26,500	17,299	23,284
In-service	33,050	6,075	5,440
Vehicle operating			
Gas and oil	500,000	496,005	463,008
Tires	55,000	78,781	69,519
License fees	56,050	57,517	55,402
Insurance	47,000	41,040	37,993
Repairs and maintenance	300,000	264,229	297,507
Garage maintenance, supplies and utilities	114,500	79,468	93,695
Contract conveyance, telephone and other	145,000	99,192	107,177
	$ 5,124,451	$ 5,001,326	$ 5,021,284
Special Education			
Salaries and Wages			
Administration	$ 72,706	$ 71,401	$ 102,407
Instruction	2,533,284	2,495,142	2,361,892
Professional services	552,467	530,507	458,548
Student Program assistants	1,536,814	1,475,793	1,346,626
Clerical	7,970	7,979	8,000
Employee benefits	342,798	355,186	305,971
Supplies, materials and telephone	55,750	37,796	38,967
Travel and conference	55,967	72,391	36,242
	$ 5,157,756	$ 5,046,195	$ 4,658,653
Capital Expenditures and Repayments			
Regional Board management - equipment	$ 21,000	$ 28,150	$ ---
School administration & instruction - equipment	480,262	541,642	146,506
Property service			
Capital repairs and projects	525,856	578,683	1,129,050
Stabilization loans	89,319	89,319	---
Vehicles	78,591	78,591	---
Municipal Finance Loan	101,871	64,063	---
Bridge financing	228,540	216,240	---
Student transportation			
Buses	800,000	842,464	813,891
Vehicle	20,000	16,365	
Equipment	80,500	41,115	
Special education equipment	---	4,492	---
	$ 2,425,939	$ 2,501,124	$ 2,089,447
Cafeteria			
Salaries and wages	$ 81,000	$ 85,306	$ 91,442
Employee benefits	9,000	9,780	8,566
Supplies and expenses	80,000	83,087	85,201
	$ 170,000	$ 178,173	$ 185,209

Notes to Financial Statements
Year Ended March 31, 2000

1. Significant accounting policies and principles

These financial statements have been prepared to conform in all material respects, to the accounting principles prescribed by the Nova Scotia School Board Financial Handbook.

(a) Financial Statement Presentation:
The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and Expenditure Recognition:
Major revenues and expenditures are recorded on the accrual basis. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Non teacher salaries are accrued at year end but teacher salaries are not, so that 195 teaching days salary is recorded as an expense. Outstanding purchase orders are accrued and recorded as payables at year end. The cost of inventories of supplies and materials is not recognized at year end, extraordinary circumstances excepted.

(c) Fixed Assets are recorded at undepreciated cost. The cost of Assets received from various in the counties of Antigonish, Guysborough, Inverness and Richmond on January 1, 1982 were treated as additions to the investment in capital assets of the respective new boards formed at the time. On January 1, 1996 the Antigonish District School Board, the Guysborough County District School Board, the Inverness District School Board and the Richmond District School Board were amalgamated to form the Strait Regional School Board. Land and buildings involved in this agreement remain assets of the original municipal units but will be under the operational control of the Strait Regional School Board until such time as the Board no longer requires them for school purposes. At that time, control will revert back to the appropriate municipality.

Depreciated is calculated using the reducing balance method using rates prescribed by Canada Customs and Revenue Agency.

2. Service Awards

Under the terms of the collective agreement between the Nova Scotia Teachers Union and the Strait Regional School Board, the Board is required to pay service awards in accordance with Article 12 of the agreement as follows:

12.1 A Service Award/Death Benefit shall be paid to a teacher who has been employed by the board for ten (10) or more consecutive years and ceases employment with the Board or dies in the service of the Board.

12.2 For all teachers in the former Antigonish District School Board who were hired prior to January 13, 1989, the award shall be calculated as follows:

(a) For at least ten (10) years of service with the Board, nine percent (9%) of the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board:
(b) For at least fifteen (15) years of service with the Board, fourteen percent (14%) of the salary pursuant to Article 12.2 (a);
(c) For at least (20) years of service with the board, nineteen percent (19%) of the salary pursuant to Article 12.2 (a); and
(d) For at least twenty-five (25) years of service with the Board, twenty-three (23%) of the salary pursuant to Article 12.2 (a).

12.3 For all teachers in the former Inverness District School Board Region who were hired prior to January 1, 1999, the award shall be calculated as follows:

The Service Award/Death Benefit shall be calculated at the rate of zero decimal six percent (0.6%) for each year of service with the Board multiplied by the annual rate of salary applicable to the teacher according to certificate and experience on the last day of employment with the Board;

12.4 For all teachers hired by the former Antigonish District School Board Region after January 13, 1989, for all teachers hired by the former Inverness District School Board Region after January 1, 1999, for all teachers employed by the former Richmond District School Board and the former Guysborough District School Board and for all other teachers hired by the Strait Regional School Board after January 1, 1996, the award shall be calculated as follows:

(a) For at least ten (10) years of service with the Board, the sum of twenty-six hundred dollars ($2,600.00); and
(b) For each additional year thereafter, the sum of two hundred sixty dollars ($260.00) per year of service to a maximum of seventy-eight hundred dollars ($7,800.00) upon completion of thirty (30) years of service.

12.5 A teacher shall be entitled to file with the Board, a written Designation of Beneficiary for the purpose of the payment of a Service Award/Death Benefit pursuant to a teacher who dies in the service of the Board.

12.6 The Service Award/Death Benefit shall be paid in one (1) lump sum or in equal monthly instalments at the option of the teacher.

12.7 Notwithstanding the provisions of this article, the Board shall advance, at least (30) days prior to the effective date of the teacher's resignation, to the Pension Services Group for the purposes of purchasing past service, the lesser of:
(a) The full Service Award/Death Benefit available to the teacher; or
(b) The actual amount required by the Pension Fund for the purpose of past service

12.8 The following conditions must be met before funds shall be released pursuant to Article 12.7:

(a) The teacher has resigned his/her position;
(b) The teacher requests the Board, in writing, to release the funds; and
(c) The teacher files with the Board, a letter from the Pension Services Group stating the amount of funds required to purchase the past service.

12.9 Service Award/Death Benefits shall be due and payable immediately after the necessary documentation is supplied.

3. Early Retirement Program

The Early Retirement Plan (1994-1998) resulted in the regional school board providing the Teachers' Pension Plan with a promissory note for the outstanding funding obligation associated with the teachers retiring under the plan. During the year ended March 31, 2000 the Province of Nova Scotia made payments on behalf of the regional school board to fulfill the annual obligation due under the provisions of the plan and has notified the Board they will do the same for the 2000-2001 fiscal year.

As at March 31, 2000, there were 225 teachers who had retired under the Early Retirement program and for each program participant the board records the present value of the prescribed obligation with a corresponding deferred expenditure amount. The remaining liability associated with these retirements amounted to $21,574,535 as at March 31, 1999 and, since current data is not available at statement date, the 1999 balance was re-stated.

4. School Administration and Instruction - other programs and projects

	Budget	2000 Actual	1999 Actual
Sensen	$ —	$ 265,994	$ 287,633
HRDC - interns	---	281,692	---
IEI project	---	205,091	292,586
French special projects	75,482	327,448	233,878
Minority official language	33,000	30,559	36,491
Mulgrave PD Centre	242,014	174,747	147,442
Adult education	---	861	4,889
Distance education	309,772	325,658	57,641
Venture centre	85,191	81,506	95,770
Middle school	26,096	9,067	---
	$ 771,555	$ 1,702,623	$ 1,156,330

AUDITOR'S REPORT

To the Minister Responsible for Sydney Environmental Resources Limited

I have audited the operating fund balance sheet of Sydney Environmental Resources Limited for the year ended March 31, 2000, and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles except as disclosed in Note 3.

JOHN NASH
Chartered Accountant

May 4, 2000

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Balance Sheet
as at March 31, 2000

ASSETS

		2000		1999
Current				
Cash	$	183,820	$	84,157
Accounts receivable		42,784		52,400
Prepaid expenses				27,517
	$	226,604	$	164,074

LIABILITIES

		2000		1999
Current				
Accounts payable and accrued liabilities	$	146,662	$	93,179
Due to Province of Nova Scotia		79,941		70,894
		226,603		164,073

EQUITY

		2000		1999
Share capital (Note 8)		1		1
	$	226,604	$	164,074

Commitments (Note 7)

Statement of Revenue and Expenditures
Year Ended March 31, 2000

		2000		1999
Operating revenue	$	1,890,953	$	1,748,051
Operating expenditures				
Civic taxes		3,348		2,608
Directors' fees		11,152		12,599
Health, safety and environmental		227,558		192,246
Incineration plant operation and maintenance		52,407		52,632
Incineration plant overhead		205,721		197,854
Joint Action Group and other community costs		343,151		297,367
Office		19,418		25,212
Professional fees		9,619		8,977
Public information		50,498		55,151
Rent		27,849		23,546
Salaries and benefits		809,732		765,712
Technical services		113,724		98,230
Telephone		10,336		10,174
Travel		6,440		5,743
		1,890,953		1,748,051
Excess revenue over expenditures	$	—	$	—

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Notes to the Financial Statements
Year Ended March 31, 2000

1. AUTHORITY AND OBJECTIVE

The Company was incorporated under the Nova Scotia Companies Act on July 10, 1990. It was established as a crown corporation of the Province of Nova Scotia by Order-in-Council on March 26, 1991. On January 7, 1998 the company changed its name from Sydney Tar Ponds Clean- Up Inc. to Sydney Environmental Resources Limited.

Its current objective is to utilize its resources in emerging community based environmental initiatives.

2. CONTINUATION OF THE BUSINESS

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon obtaining necessary funding from the Province of Nova Scotia and/or the Government of Canada.

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles except as outlined below:

a) **Financing**

The Company, an agency of Her Majesty, receives legislative appropriations for operating expenditures. These appropriations are reflected as operating grants to the extent of operating expenditures. Any excess appropriations are accounted for as deferred operating grants. Consequently, the Company does not have any equity.

b) **Capital Assets**

In accordance with funding requirements, the cost of capital assets are accounted for as current operating expenditures.

4. DUE FROM PROVINCE OF NOVA SCOTIA

The payable to the Province of Nova Scotia as at March 31, 2000 represents operating funding received for the year ended March 31, 2000 in excess of operating expenditures.

5. RELATED PARTY TRANSACTIONS

During the year, the Company received a net current operating grant of $1,890,953 (1999 - $1,748,051) from the Province of Nova Scotia.

In addition to the above-noted related party transactions, the Company is related in terms of common ownership to all Province of Nova Scotia created departments, agencies and crown corporations. The Company enters into transactions with these entities in the normal course of business.

6. COMPENSATION LEGISLATION

The Company has complied with the provisions of the Public Sector Compensation Act.

7. COMMITMENTS

a) Operations

The Company has committed to the Province of Nova Scotia, that it will run its affairs in accordance with Provincial standards. Its operations will be accountable to the Province through the Minister responsible for Sydney Environmental Resources Limited.

b) Sales Agreement

Should the Company operate the incinerator, it has a sales agreement with Nova Scotia Power Inc. to sell power, which the incinerator will generate. The agreement expires August 25, 2000.

c) Land Lease

The Company has entered into an agreement with Canadian National Railway Company to lease approximately 46 acres of land for an annual rental of $1.00. The land gives the Company access to the Sydney Tar Ponds. The Company undertakes not to further contaminate any leased lands. The lease expires October 31, 2001.

d) Sydney Steel Corporation

The Company has undertaken to hire displaced Sydney Steel Corporation employees.

8. SHARE CAPITAL

Authorized	
50,000 common shares with no par value	
Issued	
1 Share at $1	$ 1

SYDNEY STEEL CORPORATION

The following statements for Sydney Steel Corporation are draft versions only.

Draft

SYDNEY STEEL CORPORATION

Balance Sheet
December 31, 1999, with comparative figures for 1998

ASSETS

	1999	1998 (in thousands)
Current assets:		
Cash	$ 13	$ 1
Accounts receivable (note 3)	9,538	6,806
Inventories (note 4)	53,887	38,669
Prepaid expenses	1,657	1,039
	65,095	46,515
Property, plant and equipment:		
Land, buildings and equipment	441,231	438,336
Less accumulated depreciation and write-downs	(415,896)	(412,941)
	25,335	25,395
	$ 90,430	$ 71,910

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

	1999	1998
Current liabilities		
Cheques issued in excess of funds on deposit	$ 2,648	$ 5,616
Demand loans, guaranteed by the Province of Nova Scotia	155,362	103,685
Accounts payable and accrued liabilities (note 5)	19,748	18,448
	177,758	127,749
Accrued pension obligation	40,800	37,800
Shareholder's deficiency:		
Contributed surplus	523,018	523,018
Deficit	(651,146)	(616,657)
	(128,128)	(93,639)
	$ 90,430	$ 71,910

Future operations (note 1)
Contingencies (note 6)

See accompanying notes to financial statements.

Draft

SYDNEY STEEL CORPORATION

Statement of Loss and Deficit
Year Ended December 31, 1999, with comparative figures for 1998

	1999	1998
	(in thousands)	
Sales	$ 85,865	$ 90,364
Expenses and other income:		
Manufacturing	80,224	89,294
Repairs and maintenance	18,350	16,649
Administrative and selling	8,729	4,980
Interest on short-term borrowing	7,260	5,283
Other income	(164)	(143)
	114,399	116,063
Loss before below-noted items	28,534	25,699
Depreciation	2,955	2,832
Provision for pension obligations	3,000	2,800
Loss for the year	34,489	31,331
Deficit, beginning of year	616,657	585,326
Deficit, end of year	$ 651,146	$ 616,657

Statement of Changes in Financial Position
Year Ended December 31, 1999, with comparative figures for 1998

	1999	1998
Cash provided by (used in):		
Operations:		
Loss for the year	$ (34,489)	$ (31,331)
Items not involving cash:		
Depreciation	2,955	2,832
Provision for pension obligations	3,000	2,800
Change in non-cash operating working capital	(17,268)	(5,061)
	(45,802)	(30,760)
Investments:		
Expenditures on property, plant and equipment	(2,895)	(917)
Decrease in cash position	(48,697)	(31,677)
Cash position, beginning of year	(109,300)	(77,623)
Cash position, end of year	$ (157,997)	$ (109,300)

Cash position is defined as cash net of cheques issued in excess of funds on deposit and demand loans.

See accompanying notes to financial statements.

SYDNEY STEEL CORPORATION

Notes to Financial Statements
Years Ended December 31, 1999

Sydney Steel Corporation is a Crown Corporation incorporated by special act of the Province of Nova Scotia. Its principal business activities include the manufacturing of steel products.

1. Future operations:

The Corporation is dependent on its owner, the Province of Nova Scotia, for the financial support including loan guarantees necessary to sustain its operations.

The Corporation and the Province are seeking to establish an arrangement which would permit the Province to divest of its ownership and, concurrently, to identify a suitable new owner/operator who would commit to the long-term operation of the business and had engaged Hoogovens Technical Services Technological and Operational Assistance, Inc. to assist them in this regard.

Subsequent to December 31, 1999 the Province and Sydney Steel Corporation engaged Ernst & Young Inc. as their agent to sell the business or assets of Sydney Steel Corporatin. Ernst & Young Inc. have also been appointed as agent to manage Sydney Steel Corporation during the above noted process.

These financial statements have been prepared on the going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts different from those in the financial statements.

2. Significant accounting policies:

(a) Inventories:

Manufactured products are stated at lower of cost and net realizable value. Raw materials and supplies are stated at lower of cost and replacement cost. Excessive inventories are stated at lower of cost and net realizable value.

(b) Property, plant and equipment:

Property, plant and equipment are stated at cost.

Depreciation for assets on hand April 1, 1994 (having a collective value of $30 million at that date) is provided on a straight -line basis over a fifteen year period.

Depreciation for assets acquired since April 1, 1994 is provided on a straight-line basis over the estimated useful life of the asset commencing in the year following acquisition of the asset.

Additional write-downs are provided so as to reduce the net book value of property, plant and equipment to an amount considered recoverable in future periods.

3. Accounts receivable:

	1999	1998
	(in thousands)	
Trade receivables	$ 7,791	$ 5,056
Harmonized Sales Tax	1,747	1,750
	$ 9,538	$ 6,806

4. Inventories:

	1999	1998
	(in thousands)	
Manufactured products	$ 39,022	$ 24,751
Raw materials	14,281	13,322
Supplies	584	596
	$ 53,887	$ 38,669

5. Accounts payable and accrued liabilities:

	1999	1998
	(in thousands)	
Trade	$ 15,260	$ 14,699
Wages and benefits	4,488	3,749
	$ 19,748	$ 18,448

6. Contingencies:

The Corporation, supported by guarantee of the Province of Nova Scotia, is liable to the extent of $9,715 in respect of letters of guarantee issued under bid and performance contracts.

7. Pension cost and obligations:

The Corporation contributes to defined benefit plans on behalf of virtually all employees. Pursuant to a prior agreement, the Province had agreed to assume responsibility for pension costs and obligations of the Corporation up to December 31, 1994. At that date, the Corporation recorded the assumption by the Province of such obligations. Since January 1, 1995, the total pension expense recorded by the Corporation has been as follows:

Year ended	Current service	Plan amendments	Interest on unfunded obligations	Total
December 31, 1995	$ 634	$ —	$ —	$ 634
December 31, 1996	501	—	—	501
December 31, 1997	648	35,000	—	35,648
December 31, 1998	575	—	2,800	3,375
December 31, 1999	1,751	—	3,000	4,751

a) Current service:

Current service costs represent the cost of pension benefits provided in exchange for employees services rendered in the current period.

b) Plan amendments:

In 1997 the Corporation negotiated labor agreements which resulted in enhancements to its pension plans. The net present value of benefits related to the enhancements was estimated at $35 million and the Corporation, in contemplation of divestiture, had included the full estimated cost of the enhancements separately in the 1997 Statement of Loss and Deficit.

c) Interest on unfunded obligations:

Because the Corporation has not yet provided funding for the $35 million cost of 1997 plan amendments, the Corporation has included in 1999 an additional cost of $3.0 million (1998 - $2.8 million) representing interest on the unfunded obligations.

The most recent actuarial review of the Pension Plans was carried out by William M. Mercer Limited as at December 31, 1996 (prior to amendments to the Plans). While the review disclosed a deficiency between the value of pension fund assets and obligations at that date, the responsibility for funding same primarily vests with the Province of Nova Scotia pursuant to the earlier agreement.

Because responsibility for the Plans funding rests, in part, with the Company and, in part, with the Province, further discussions are required with the Superintendent of Pensions to clarify, implement and give effect to the respective obligations of the Company and the Province.

8. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Unaudited

TIDAL POWER CORPORATION

Balance Sheet
as at March 31, 2000

	2000	1999
Assets		
Current Assets		
Bank	$ 41,615	$ 40,023
Fixed Assets		
Office furniture	7,178	7,178
Less Accumulated Depreciation	3,709	3,350
	3,469	3,828
Computer Equipment	4,875	4,875
Less Accumulated Depreciation	2,435	1,948
	2,440	2,927
Total Assets	$ 47,524	$ 46,778
Liability		
Liabilities	$ ---	---
Equity		
Opening retained earnings	46,778	45,954
Current earnings	746	824
Closing retained earnings	47,524	46,778
Long Term Liabilities/Equity	$ 47,524	$ 46,778

Income Statement
for the year ended March 31, 2000

	2000	1999
Revenue		
Investment income	$ 1,592	$ 1,670
Total revenue	$ 1,592	$ 1,670
Expenses		
Administration-Bank charges	$ ---	$ —
Depreciation Expense		
Furniture/Equipment	359	359
Computer	487	487
Total Expenses	$ 846	$ 846
Net Income	$ 746	$ 824

Unaudited

TIDAL POWER CORPORATION

Schedule of Interest and Charges
Year ended March 31, 2000

Month		Interest	Charges
April	$	131.52	—
May		136.37	—
June		124.17	—
July		128.67	—
August		129.10	—
September		125.35	—
October		129.90	—
November		126.13	—
December		139.46	—
January		139.88	—
February		131.34	—
March		149.65	—
Total	$	1,591.54	$ —

Notes to Financial Statements
March 31, 2000

1. Authority

The Tidal Power Corporation was established by the Tidal Power Corporation Act which came into force on April 22, 1971. The object of the Corporation is to obtain, for Nova Scotia, the maximum benefit which may be derived from exploitation of tidal power and undertakings which are ancillary to, connected with, or may arise as a result of exploitation.

2. Significant Accounting Policies

Fixed Assets

Fixed assets are stated at cost. Depreciation is provided on a straight-line basis at an annual rate of 5% for office furniture and 10% for computer equipment.

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Trade Centre Limited as at March 31, 2000 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
June 2, 2000

TRADE CENTRE LIMITED

Balance Sheet
March 31, 2000, with comparative figures for 1999

	2000	1999
ASSETS		
Current assets:		
Cash and short-term investments	$ 3,002,191	$ 4,187,798
Accounts receivable (note 3)	1,707,363	1,362,579
Inventories	115,425	103,221
Prepaid expenses	41,349	44,938
	4,866,328	5,698,536
Property and equipment (note 2 and 4):		
Land, building, furniture and equipment and tenant leaseholds	38,073,897	36,614,458
Less accumulated depreciation and amortization	(20,063,827)	(19,040,436)
	18,010,070	17,574,022
	$ 22,876,398	$ 23,272,558
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,207,016	$ 740,954
Due to the Province of Nova Scotia	608,909	647,778
Event deposits	484,870	443,798
Deferred revenue	46,103	89,031
	2,346,898	1,921,561
Shareholder's equity:		
Capital stock:		
Authorized: 1,000,000 common shares without par value		
Issued and outstanding: 100 common shares	100	100
Contributed surplus (note 5)	45,173,101	45,173,101
Deficit	(24,643,701)	(23,822,204)
	20,529,500	21,350,997
	$ 22,876,398	$ 23,272,558

Commitments (note 7)

See accompanying notes to financial statements.

TRADE CENTRE LIMITED

Statement of Operations and Deficit
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Revenues:		
Convention Centre	$ 5,190,150	$ 4,223,703
Halifax Regional Municipality Convention Centre Subsidy (note 6)	457,292	449,206
Office Tower	1,982,222	1,937,123
World Trade Centre and Windows	627,766	691,790
	8,257,430	7,301,822
Expenses:		
Event expenses	2,984,636	2,495,452
Salaries, wages and benefits	1,765,278	1,699,374
Administration	560,446	520,237
Advertising and marketing	579,133	426,038
Maintenance	598,699	555,680
Energy	493,181	453,547
Taxes and insurance	815,515	832,504
	7,796,888	6,982,832
Income before other items	460,542	318,990
Other income:		
Gain on disposal of assets	—	2,040
Interest income on short-term investments	176,216	158,416
Pension contribution holiday	98,682	87,927
	274,898	248,383
	735,440	567,373
Other expenses:		
Depreciation and amortization	1,556,937	1,468,381
Loss for the year	(821,497)	(901,008)
Deficit, beginning of year	(23,822,204)	(22,921,196)
Deficit, end of year	$ (24,643,701)	$ (23,822,204)

See accompanying notes to financial statements.

TRADE CENTRE LIMITED

Statement of Cash Flows
Year ended March 31, 2000, with comparative figures for 1999

	2000	1999
Cash provided by (used in):		
Operations:		
Loss for the year .... $	(821,497) $	(901,008)
Items not involving cash:		
Depreciation and amortization	1,556,937	1,468,381
Gain on disposal of assets	—	(2,040)
Change in non-cash operating working capital	71,938	(118,883)
	807,378	446,450
Investments:		
Proceeds on disposal of furniture and equipment	—	2,040
Purchase of property and equipment	(1,992,985)	(457,359)
	(1,992,985)	(455,319)
Decrease in cash and cash equivalents	(1,185,607)	(8,869)
Cash and cash equivalents, beginning of year	4,187,798	4,196,667
Cash and cash equivalents, end of year .... $	3,002,191 $	4,187,798

Cash and cash equivalents is defined as cash plus short-term investments.

See accompanying notes to financial statements.

Notes to Financial Statements
Year ended March 31, 2000

The Trade Centre Limited is incorporated under the laws of the Province of Nova Scotia and its principal business activities include the operation of a trade and convention centre, leasing of office and commercial space and the operation of Exhibition Park. The company is a govenment business-type enterprise as defined by Public Sector Accounting and Assurance Recommendations.

1. Significant accounting policies:

(a) Divisional operations:

The Trade Centre Limited consists of four divisions; the Convention Centre, the World Trade Centre, the Office Tower and Exhibition Park. Revenue and expenses are recorded on the accrual basis.

(b) Short-term investments:

Short-term investments are recorded at the lower of cost and market.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(d) Property and equipment:

Property and equipment is stated at cost, net of government assistance. Depreciation and amortization is provided on the straight-line basis over the following terms:

Asset	Rate
Building	30 years
Furniture and equipment	5 years
Tenant leaseholds	Lease term

(e) Measurement uncertainity:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assents and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These significant estimates include the provision for the settlement of the Atlantic Winter Fair liabilities assumed upon taking over management of Exhibition Park. Actual results could differ from these estimates.

2. **Acquisition of Exhibition Park:**

On November 15, 1999, the Province of Nova Scotia assigned management of the Exhibition Park lands and buildings to Trade Centre Limited. On March 16, 2000, the Executive Council authorized the Minister of Agriculture and Marketing to transfer the property of Exhibition Park, including land and buildings, to Trade Centre Limited in consideration for Trade Centre Limited assuming the liabilities associated with Exhibition Park. As a result of this transaction, property and equipment include additions of $210,000 and $1,038,965 to land and buildings, respectively. The statement of operations includes the operations of Exhibition Park since November 15, 1999.

3. **Accounts receivable:**

	2000	1999
Convention Centre events	$ 657,567	$ 757,567
Office Tower rents	149,983	313,069
World Trade Club	68,794	124,620
Due from Halifax Regional Municipality	457,292	---
Other	424,848	199,209
	1,758,484	1,394,465
Less allowance for doubtful accounts	(51,121)	(31,886)
	$ 1,707,363	$ 1,362,579

4. **Property and equipment:**

	Cost	Accumulated depreciation and amortization	2000 Net	1999 Net
Land	$ 210,001	$ ---	$ 210,001	$ 1
Building	33,295,910	16,282,878	17,013,032	16,737,796
Furniture and equipment	3,067,012	2,779,952	287,060	124,740
Tenant leaseholds	1,500,974	1,000,997	499,977	711,485
	$ 38,073,897	$ 20,063,827	$ 18,010,070	$ 17,574,022

5. **Contributed surplus:**

	2000	1999
Government of Canada	$ 2,750,000	$ 2,750,000
Halifax Regional Municipality	1,500,000	1,500,000
Province of Nova Scotia	40,923,101	40,923,101
	$ 45,173,101	$ 45,173,101

Contributed surplus consists of non-repayable grants from the three levels of government as set forth above to assist in the financing of the capital cost of the project. These grants have been treated as contributed surplus since they have been received by virtue of the Province of Nova Scotia's position as the sole shareholder of the Trade Centre Limited.

6. **Operating subsidy from the Halifax Regional Municipality:**

Pursuant to the Financing Agreement of May 14, 1982, the Halifax Regional Municipality makes an annual contribution to the operating deficit of the Convention Centre. In this respect, the Trade Centre Limited has recognized the contribution relating to the 2000 fiscal year in these financial statements.

7. **Commitments:**

The Centre is committed to payments under operating leases with terms expiring between 2000 and 2004. Annual payments are as follows:

2001	$	17,141
2002		17,141
2003		17,141
2004		12,856

8. **Related party transactions:**

The Trade Centre Limited rents significant office tower space to departments and agencies of the Province of Nova Scotia.

For the year ended March 31, 2000, rental revenue and tenant recoveries included $1,519,182 (1999 - $1,596,041) received from departments and agencies of the Province of Nova Scotia.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

9. **Events Halifax:**

Events Halifax ("Eh!") is a new division of the Centre established in fiscal 1999. The purpose of Eh! is to provide marketing and promotion services for the benefit of bringing major sporting and cultural events to the Halifax Regional Municipality. Convention centre revenue includes an amount of $165,635 (1999 - $88,932) and advertising and marketing expenses includes an amount of $165,635 (1999 - $88,932) relating to the operations of Eh!. Contributions in the amount of $24,088 (1999 - $62,178) have been deferred and included in deferred revenue.

10. **Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Unaudited

TRANSPORTATION TRUST FUND

Continuity of Transportation Trust Fund
for the year ended March 31, 2000

		2000	1999
Balance, beginning of year		$ —	$ —
Add:	Revenue collected during year	38,211,162.63	38,128,841.05
		38,211,162.63	38,128,841.05
Deduct:	Refund of Payments	193,309.92	480,933.52
	Department of Transportation and Public Works Expenditures (Schedule 1)	25,080,401.87	24,136,265.53
	Transfer to consolidated Fund	12,937,450.84	13,511,642.00
		38,211,162.63	38,128,841.05
Balance - end of year		$ —	$ —

Transportation Trust Fund Expenditures
for the year ended March 31, 2000

Highway	2000	1999
101	$ 1,721,786.36	$ 2,465,200.95
102	2,446,125.49	1,786,389.83
103	4,176,993.11	5,952,026.06
104	8,509,456.62	6,237,036.78
105	2,668,029.29	2,557,330.13
106	—	—
107	2,629,926.88	—
111	9,737.77	—
113	66,474.50	—
118	1,667.90	1,330,908.38
125	2,816,664.89	2,467,992.23
142	—	1,148,937.95
Misc	33,539.06	190,443.22
Total Expenditure	$ 25,080,401.87	$ 24,136,265.53

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the balance sheet of Upper Clements Family Theme Park Limited as at March 31, 2000, and the statement of income and deficit for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

E.R. SALMON, F.C.A.
Auditor General

Halifax, Nova Scotia
May 12, 2000.

UPPER CLEMENTS FAMILY THEME PARK LIMITED

Balance Sheet
as at March 31, 2000

	2000	1999
ASSETS		
Current		
Cash	$ 1,904	$ 6,987
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 296	$ ---
Current portion of long-term liability	813	1,778
	1,109	1,778
Long-term		
Workers' compensation benefits liability (Note 2)	10,436	26,667
Equity		
Capital stock	1	1
Contributed surplus	5,667,174	5,667,174
Deficit	(5,676,816)	(5,688,633)
	(9,641)	(21,458)
	$ 1,904	$ 6,987

Continguency (Note 5)

Statement of Income and Deficit
for the year ended March 31, 2000

	2000	1999
Revenue		
Contributions from the Province (Note 4)	$ 24,000	$ 10,000
Refund on Safety Deposit box.	40	---
	24,040	10,000
Expenses		
Professional fees	1,000	330
Workers' compensation benefits (Note 2)	26,522	5,813
Dues and fees	85	85
Miscellaneous	35	78
	27,642	6,306
Less: Adjustment to workers' compensation benefits (Note 2)	15,419	---
	12,223	6,306
Net Income.	11,817	3,694
Deficit, beginning of year	(5,688,633)	(5,692,327)
Deficit, end of year	$ (5,676,816)	$ (5,688,633)

See accompanying notes to financial statements.

UPPER CLEMENTS FAMILY THEME PARK LIMITED

Notes to Financial Statements
March 31, 2000

1. Authority

The Upper Clements Family Theme Park Limited was created by Order-in-Council #88-17 for the purpose of assisting in the establishment and operation of a family theme park. On April 6, 1994 the Company transferred all of its fixed assets to its shareholder, the Province of Nova Scotia.

The Province has subsequently entered into leasing arrangements with third parties to continue the operations of the park, the latest effective February 1, 1997 to January 31, 2007. Revenue and costs associated with the lease arrangements are included in the accounts of the Province.

The Company's affairs are being managed by staff of the Department of Tourism, and it is not actively involved in the operation of the family theme park.

2. Significant Accounting Policies

(a) *Basis of Financial Statement Presentation*

These financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the balance sheet and income statement is considered adequate.

(b) *Workers' Compensation Benefits*

This balance represents management's best estimate of the present value of the future payments required for workers' compensation benefits of a former employee. An adjustment to workers' compensation benefits occurs when changes are made to the assumptions used in estimating the long-term liability.

3. Contributed Surplus

The contributed surplus balance represents the Province of Nova Scotia's investment in the fixed assets of the park when it was created net of a reduction made in 1994 when the fixed assets were transferred to the Province. No gain or loss was realized on the transfer.

4. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Company. The Company is economically dependent on contributions from the Province of Nova Scotia to continue operating. The extent to which this assistance will be received in the future has not been determined. Details of any transactions between the related parties are separately disclosed in the financial statements.

5. Contingent Liability

An action was commended by an individual for injuries incurred at the park. The likelihood of a payment being made on this claim and the amount involved is unknown.

Unaudited

VICTIMS' ASSISTANCE FUND

Balance Sheet
as at March 31, 2000

ASSETS

		2000	1999
Cash	$	260,334.40	350,113.23
Investments		814,829.50	729,279.36
	$	1,075,163.90	1,079,392.59

LIABILITIES

Fund	$	1,075,163.90	1,079,392.59

Continuity of Fund
for the year ended March 31, 2000

		2000	1999
Balance, beginning of year	$	1,079,392.59	1,323,596.44
Receipts:			
Investment income		35,310.24	45,810.05
Bank interest		16,795.85	12,866.08
Fine surcharge revenue		941,967.68	715,918.17
		994,073.77	774,594.30
Disbursements		(998,302.46)	(1,018,798.15)
Balance, end of year	$	1,075,163.90	1,079,392.59

Note to the Financial Statements
March 31, 2000

Investments at March 31,2000 consisted of the following:

$30,329.5 Royal Bank BA 5.17% March 3, 2000 to May 5, 2000	$	30,600.00
$784,500.0 Bank of Nova Scotia Term Deposit 5.34% March 30,2000 to May 9, 2000		789,090.94
	$	819,690.94

AUDITORS' REPORT

To the Shareholder of
Waterfront Development Corporation Limited

We have audited the balance sheet of Waterfront Development Corporation Limited as at March 31, 2000 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000, and the results of its operations and cash flows for the year ended in accordance with generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
May 12, 2000

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Balance Sheet
March 31, 2000

	2000	1999
ASSETS		
Receivables - trade	$ 252,182	$ 122,080
Notes receivable (Note 3)	148,821	176,731
Grants receivable	---	868,768
Prepaids	20,987	---
Real estate and development projects (Note 4)	28,484,825	28,415,660
Deferred pension cost	12,697	13,605
	$ 28,919,512	$ 29,596,844
LIABILITIES		
Bank indebtedness (Note 5)	$ 343,168	$ 1,091,117
Payables and accruals	502,468	539,550
Loan payable (Note 5)	12,600,000	13,600,000
	13,445,636	15,230,667
SHAREHOLDER'S EQUITY		
Capital stock (Note 6)	3	3
General Development Fund (Note 7)	900,000	3,105,000
Contributed surplus	13,747,826	13,747,826
Retained Earnings (deficit)	826,047	(2,486,652)
	15,473,876	14,366,177
	$ 28,919,512	$ 29,596,844

Commitments (Note 8)

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Statement of Earnings and Retained Earnings
Year Ended March 31, 2000

	2000	1999
Revenue		
Rents	$ 3,011,407	$ 2,438,178
Recoveries	3,615	3,430
Interest income	9,932	12,848
Other income	21,125	31,680
Grant revenue		
Overhead recovery	---	162,720
Non-owned infrastructure	196,762	100,000
	3,242,841	2,748,856
Property Expenses		
Property taxes	55,321	35,046
Operating	423,797	320,657
Depreciation and amortization	221,280	229,703
	700,398	585,406
Income before other items	2,542,443	2,163,450
Corporate expenses		
Directors fees and expenses	16,701	21,947
Doubtful accounts	1,442	2,442
Office operations	50,219	46,737
Professional fees		
Audit	9,500	9,000
Consultants	54,558	49,749
Planning study	109,337	---
Legal	12,941	47,566
Salaries and benefits	329,476	317,846
Waterfront promotions and public relations	14,677	23,076
	598,851	518,363
Loan interest		
Expense	743,259	715,072
Contributions from the Province of Nova Scotia	(302,400)	---
	440,859	715,072
Depreciation on facilities for public access	79,672	78,228
Contribution to non-owned infrastructure	315,362	100,000
	1,434,744	1,411,663
Net earnings	1,107,699	751,787
Transfer from (to) General Development Fund (Note 7)	2,205,000	(740,000)
Transfer to Deficit	3,312,699	11,787
Deficit, beginning of year	(2,486,652)	(2,498,439)
Retained earnings (deficit), end of year	826,047	$ (2,486,652)

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Statement of Cash Flows
Year Ended March 31, 2000

	2000	1999
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	$ 1,107,699	$ 751,787
Depreciation and amortization	300,952	307,931
	1,408,651	1,059,718
Change in non-cash operating working capital (Note 9)	(24,543)	(28,206)
	1,384,108	1,031,512
Financing		
Decrease in notes receivable, net	27,910	4,409
Decrease (increase) in capital grants receivable	706,048	(706,048)
Decrease (increase) in loan payable	(1,000,000)	7,600,000
Decrease in payable for real estate purchases	---	(1,900,000)
	(266,042)	4,998,361
Investing		
Purchase of		
Equipment	(21,245)	(11,331)
Real estate and construction projects	(348,872)	(6,700,989)
	(370,117)	(6,712,320)
Net increase (decrease) in cash and cash equivalents	747,949	(682,447)
Bank indebtedness, net of cash and cash equivalents		
Beginning of year	(1,091,117)	(408,670)
End of year	$ (343,168)	$ (1,091,117)

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Notes to the Financial Statements
March 31, 2000

1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

The Corporation's mission is the stewardship, long term development and revitalization of the Halifax and Dartmouth waterfronts, including the encouragement of promotional activity to attract public attention and use of these areas.

2. Summary of significant accounting policies

Capitalization
All expenditures directly related to acquisition, renovation and development are included in the cost of real estate.

Government assistance
Government assistance for capital projects are accounted for as a reduction in the capital cost of the applicable project. Government assistance related to the cost recovery of overhead costs are accounted for as grant revenue.

Income taxes
As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of The Income Tax Act.

Depreciation

Building and equipment
Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

Long-term lease
The cost of the lease referred to in Note 5 is amortized over its term.

Development costs
Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum.

Use of estimates
In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Bank indebtedness and cash equivalents
Bank indebtedness is comprised of cash on hand, cash held in banks and an operating line of credit.

3. Notes receivable

	2000	1999
Note receivable bearing interest at 7%, repayable in blended monthly payments of $1,185, maturing March 2002, secured by an assignment of land and building	$ 26,649	$ 38,555
Note receivable bearing interest at a variable rate calculated annually, repayable in blended monthly payments of $1,712, maturing June 2006. $75,000 of the principal amount has been guaranteed by a third party	104,756	119,356
Note receivable bearing interest at 9%, repayable in blended monthly payments of $253, maturing April 2008	17,416	18,820
	$ 148,821	$ 176,731

4. Real estate and development projects

	Cost	Accumulated Depreciation	2000 Net Book Value	1999 Net Book Value
Facilities for public access	$ 6,415,085	$ 1,110,823	$ 5,304,262	$ 5,389,160
Real estate and development projects	27,094,189	3,913,626	23,180,563	23,026,500
	$ 33,509,274	$ 5,024,449	$ 28,484,825	$ 28,415,660

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

5. Credit facility

The Corporation has available a combined credit facility of $14,500,000 bearing interest at prime, less one percent. The line is secured by a guarantee of the Province of Nova Scotia. Of this amount, $1,000,000 has been allocated to operations with the remaining $13,500,000 for capital projects. To date $343,168 and $12,600,000 have been drawn on the operating and capital lines, respectively. In addition, the Corporation has the ability to borrow additional funds on an unsecured basis with interest at prime less 1/2%.

6. Capital stock

	2000	1999
Authorized		
5,000 shares without nominal or par value		
Issued:		
3 shares	$ 3	$ 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

7. General Development Fund

		2000		1999
Beginning balance	$	3,105,000	$	2,365,000
Transfer to (from) operations		(2,205,000)		740,000
Ending balance	$	900,000	$	3,105,000

The Board of Directors has established this fund for future development and promotional projects. Expenditures from this fund will be at their discretion.

8. Commitments

(i) The Corporation has entered into a lease agreement for the water lot portion of Queen's Wharf. Minimum lease payments over the next five years, assuming renewal at similar terms, are as follows:

2001	$	1,016
2002		1,016
2003		1,016
2004		1,016
2005		1,016

(ii) The Corporation has signed a contract which requires them to provide a piling allowance. As part of the same contract, the Corporation agreed to build a public park.

(iii) During the year, the Corporation accepted an offer to sell a parcel of land on the Dartmouth Waterfront for $221,000. As of the Audit report date the deal has not been closed.

9. Supplemental cash flow information

Change in non cash operating working capital

		2000		1999
Receivables	$	(130,102)	$	(60,847)
Operating grants receivable		162,720		(162,720)
Prepaids		(20,987)		19,369
Payables and accruals		(37,082)		(44,915)
Deposits		---		220,000
Deferred pension cost		908		907
	$	(24,543)	$	(28,206)

Bank indebtedness and cash equivalents are comprised of the following:

Cash in bank account and on hand	$	16,039	$	8,356
Line of credit		(359,207)		(1,099,473)
	$	(343,168)	$	(1,091,117)
Interest paid	$	743,259	$	715,072

10. Financial instruments

The fair values of cash and receivables approximate their carrying amounts because of their short term to maturity. The fair value of loans receivable approximate their carrying amounts because of variable interest rates and an insignificant fluctuation in the interest rates for those with fixed rates.

The fair values of payables and accruals and note payable approximate their carrying amounts because of their short term to maturity and variable interest rate.

11. Employee pension plan

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Sector Superannuation Plan. The plan required the payment costs for past service benefits which are being amortized to earnings over the expected average remaining service life of the employee group.

The most recent actuarial valuation of this plan was completed as at October 31, 1998 and includes pension assets of $2,387,000,000, and pension liabilities of $2,348,000,000, resulting in a pension surplus of $39,000,000. This surplus has resulted in a pension holiday for its participants. The amount applicable to the Corporation is not determinable and should not be significant as its participation includes only three employees.

AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
Western Regional Health Board

We have audited the statement of financial position of the Western Regional Health Board as at March 31, 2000 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

DELOITTE & TOUCHE LLP
Chartered Accountants

June 9, 2000

WESTERN REGIONAL HEALTH BOARD

Statement of Financial Position
as at March 31, 2000

ASSETS

	Operating Fund	Capital Fund	Total 2000	Total 1999
Current				
Cash and cash equivalents (Page 521)	$ 4,388,515	$ ---	$ 4,388,515	$ 2,569,669
Accounts receivable (Note 4)	13,085,754	10,926,617	24,012,371	10,153,929
Inventory	2,283,962	---	2,283,962	2,120,574
Prepaid expenses	617,109	151,783	768,892	1,576,381
	20,375,340	11,078,400	31,453,740	16,420,553
Long-term assets (Note 5)	636,826	31,557	668,383	48,379
Property, plant and equipment (Note 6)	---	129,986,155	129,986,155	110,837,186
	$ 21,012,166	$ 141,096,112	$ 162,108,278	$ 127,306,118

LIABILITIES

Current				
Bank indebtedness (Note 7)	$ ---	$ ---	$ ---	$ 2,368,635
Accounts payable and accrued liabilities (Note 8)	17,656,716	3,543,290	21,200,006	18,934,369
Current portion of long-term debt (Note 9)	---	185,513	185,513	290,106
Revenue received in advance	5,211,480	---	5,211,480	11,055,335
	22,868,196	3,728,803	26,596,999	32,648,445
Long-term debt (Note 9)	---	837,832	837,832	3,709,819
Deferred capital grants (Note 10)	---	131,464,690	131,464,690	106,335,682
	22,868,196	136,031,325	158,899,521	142,693,946

FUND BALANCES

Restricted (Page 520)	78,581	253,986	332,567	854,778
Unrestricted (Page 520)	(1,934,611)	4,810,801	2,876,190	(16,242,606)
	(1,856,030)	5,064,787	3,208,757	(15,387,828)
	$ 21,012,166	$ 141,096,112	$ 162,108,278	$ 127,306,118

WESTERN REGIONAL HEALTH BOARD

Statement of Operations
Year Ended March 31, 2000

	Operating Fund	Capital Fund	Total 2000	Total 1999
Revenue				
Department of Health				
Operating funding (Note 2(b))	$ 124,830,584	$ ---	$ 124,830,584	$ 104,231,573
Year 2000 funding	1,978,051	---	1,978,051	---
Department of Veteran's Affairs	4,290,504	---	4,290,504	3,589,608
Patient services	3,594,119	---	3,594,119	3,994,673
Physician funding	3,613,457	---	3,613,457	3,663,512
Program recoveries and sales	5,211,938	---	5,211,938	4,660,388
Amortization of deferred capital			---	---
grants (Notes 2(d) and 9)	---	7,471,087	7,471,087	5,988,138
Other	373,209	35,699	408,908	452,282
	143,891,862	7,506,786	151,398,648	126,580,174
Expenses				
Administration and support	4,258,753	---	4,258,753	3,672,126
Addiction services	4,248,942	---	4,248,942	3,084,807
Diagnostic imaging	7,591,820	---	7,591,820	7,068,459
Environmental services	6,088,110	---	6,088,110	5,674,393
Finance	1,683,236	---	1,683,236	1,518,055
Food & nutritional services	8,772,061	---	8,772,061	8,423,215
Human resources	1,478,420	---	1,478,420	1,151,916
Information services	5,551,699	---	5,551,699	5,336,440
Laboratory	10,063,420	---	10,063,420	9,454,461
Materials management	3,658,759	---	3,658,759	3,263,783
Mental health	10,078,416	---	10,078,416	8,740,333
Nursing	57,724,525	---	57,724,525	51,927,285
Pharmacy	1,421,601	---	1,421,601	1,260,896
Plant & support services	9,160,258	---	9,160,258	8,182,859
Public Health	3,713,211	---	3,713,211	3,592,795
Rehabilitation services	2,476,874	---	2,476,874	2,199,027
Other programs	2,973,244	---	2,973,244	3,008,584
Year 2000	1,978,051	---	1,978,051	---
Depreciation (Note 2(c))	---	8,019,914	8,019,914	6,834,188
Interest	---	228,659	228,659	288,270
Other	979,273	45,385	1,024,658	2,268,190
	143,900,673	8,293,958	152,194,631	136,950,082
Excess (deficiency) of revenues over expenses before accumulated deficit and debt incremental funding	(8,811)	(787,172)	(795,983)	(10,369,908)
Accumulated deficit and debt incremental funding (Note 3)	19,392,568	---	19,392,568	---
Excess (deficiency) of revenues over expenses	$ 19,383,757	$ (787,172)	$ 18,596,585	$ (10,369,908)

WESTERN REGIONAL HEALTH BOARD

Statement of Changes in Fund Balances
as at March 31, 2000

	Operating Fund	Capital Fund	Total 2000	Total 1999
Restricted Fund Balances				
Balance, beginning of year	$ 600,792	$ 253,986	$ 854,778	$ 854,778
Transfer to unrestricted fund	(522,211)	---	(522,211)	---
Balance, end of year	78,581	253,986	332,567	854,778
Unrestricted Fund Balances				
Balance, beginning of year	(19,914,779)	3,672,173	(16,242,606)	(5,845,927)
Transfer from restricted fund	522,211	---	522,211	---
Specified gifts to foundations	---	---	---	(26,771)
Transfer to capital fund	(1,925,800)	1,925,800	---	---
Excess (deficiency) of revenues over expenses (Page 519)	19,383,757	(787,172)	18,596,585	(10,369,908)
Balance, end of year	(1,934,611)	4,810,801	2,876,190	(16,242,606)
Total Fund Balances	$ (1,856,030)	$ 5,064,787	$ 3,208,757	$ (15,387,828)

WESTERN REGIONAL HEALTH BOARD

Statements of Cash Flows
Year Ended March 31, 2000

	Operating Fund	Capital Fund	Total 2000	Total 1999
Net inflow (outflow) of cash related to the following activities:				
Operating				
Excess (deficiency) of revenues over expenses (Page 519)	$ 19,383,757	$ (787,172)	$ 18,596,585	$ (10,369,908)
Adjusted for:				
Depreciation (Page 519).......	---	8,019,914	8,019,914	6,834,188
Amortization of deferred capital grants (Page 519 and Note 10) .	---	(7,471,087)	(7,471,087)	(5,988,138)
Changes in working capital items (Note 14)	(10,112,360)	(6,680,199)	(16,792,559)	8,802,922
Appropriation to capital (Page 52	(1,925,800)	1,925,800	---	---
	7,345,597	(4,992,744)	2,352,853	(720,936)
Financing				
Assumption of long-term debt ..	---	377,383	377,383	19,998
Proceeds from capital grants....	---	32,600,095	32,600,095	17,319,482
Repayment of long-term debt ...	---	(3,353,964)	(3,353,964)	(479,863)
	---	29,623,514	29,623,514	16,859,617
Investing				
Investment in long-term assets..	(588,447)	(31,557)	(620,004)	---
Acquisitions of property, plant and equipment	---	(27,695,211)	(27,695,211)	(18,358,036)
Proceeds on disposals of property, plant and equipment.........	---	526,329	526,329	154,141
Specified gifts of Foundation (Page 4)..................	---	---	---	(26,771)
	(588,447)	(27,200,439)	(27,788,886)	(18,230,666)
Net cash inflow (outflow)	6,757,150	(2,569,669)	4,187,481	(2,091,985)
Cash and cash equivalents (bank indebtedness), beginning of year.	(2,368,635)	2,569,669	201,034	2,293,019
Cash and cash equivalents, end of year..................	$ 4,388,515	$ ---	$ 4,388,515	$ 201,034

1. DESCRIPTION OF ORGANIZATION

The Western Regional Health Board was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 30, 1994. The Board's mission is to facilitate the development of community based primary health care in the Western Region of Nova Scotia and ensure the provision of quality primary and secondary health services in response to identified needs. On October 21, 1999, the governance of the organization was transferred to the Department of Health, Province of Nova Scotia.

The facilities owned and operated by the Board are Annapolis Community Health Centre, Digby General Hospital, Eastern Kings Memorial Community Health Centre, Health Services Association of the South Shore, Queen's General Hospital, Roseway Hospital, Soldier's Memorial Hospital, Valley Regional Hospital, and Yarmouth Regional Hospital. In addition, the Board leases space to operate certain programs at the Western Kings Memorial Community Health Centre and other locations throughout the Western region of Nova Scotia for the delivery of certain programs and services and supports eleven (11) Community Health Boards.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the Western Regional Health Board's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The Western Regional Health Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Designated capital assets are recorded at original costs less accumulated depreciation. Depreciation is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

3. DEPARTMENT OF HEALTH ACCUMULATED DEFICIT AND DEBT INCREMENTAL FUNDING

During the year ended March 31, 2000, the Department of Health provided funding to cover accumulated debts and deficits to March 31, 1999 of Regional Health Boards and Non-Designated Organization. This incremental one-time amount was applied in the amount of $19,392,568 for operating deficits which is included in revenue. The amount applied for capital was $1,069,362 which is recorded as a contribution to deferred capital grants.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	Total 2000	Total 1999
Department of Health				
Operating funding.	$ 8,582,233	$ ---	$ 8,582,233	$ 1,404,325
Early Departure and Retirement incentives. . . .	838,957	---	838,957	1,034,303
Capital grants	---	9,088,705	9,088,705	1,176,440
Department of Veteran's Affair	51,334	---	51,334	51,334
Patient Care.	1,021,825	---	1,021,825	1,462,144
HST rebates.	465,150	575,913	1,041,063	1,376,857
Extended care facilities	844,049	---	844,049	901,956
Homecare/VON.	176,534	---	176,534	132,692
Charitable foundations	118,316	1,088,880	1,207,196	1,370,074
Psychiatric recoveries	355,574	---	355,574	495,356
Federal grant funding.	258,664	---	258,664	69,021
Other	373,118	173,119	546,237	727,806
	$ 13,085,754	$ 10,926,617	$ 24,012,371	$ 10,202,308

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances, a prepaid maintenance contract, and other non-current receivables.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value 2000	Net Book Value 1999
Land and land improvements	$ 2,067,809	$ 843,989	$ 1,223,820	$ 1,132,825
Building and building service equipment	158,640,633	46,232,355	112,408,278	98,342,859
Equipment	65,795,398	50,518,261	15,277,137	10,402,573
Equipment under capital lease	2,081,295	1,004,375	1,076,920	958,929
	$ 228,585,135	$ 98,598,980	$ 129,986,155	$ 110,837,186

7. BANK INDEBTEDNESS

The Board has available operating lines of credit with two Canadian chartered banks totalling $10 million. As well, the Board has available a capital line of credit in the amount of $2.5 million with a Canadian chartered bank. As of March 31, 2000, interest charges on any overdraft accounts would range between prime less 0.62% and prime less 0.24%. There were no amounts owing on these lines at March 31, 2000.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	Total 2000	Total 1999
Trade payables	$ 2,484,846	$ 2,438,275	$ 4,923,121	$ 6,154,956
Accrued liabilities	1,888,290	1,105,015	2,993,305	1,925,672
Vacation pay	5,881,315	---	5,881,315	4,991,719
Salary and benefits	7,109,975	---	7,109,975	5,602,195
Other	292,290	---	292,290	259,827
	$ 17,656,716	$ 3,543,290	$ 21,200,006	$ 18,934,369

9. LONG-TERM DEBT

	2000	1999
Bayer Agfa - non-interest bearing, maturing 2000	$ 6,242	$ 16,942
Special Assistance Loan Term, non-interest bearing	---	360,000
Yarmouth Hospital Charitable Foundation - non-interest bearing	---	2,587,601
Due to E.K.M. Hospital Foundation	---	69,174
Municipal Debt and Loan Fund - interest at 5.38%	---	50,780
Obligations Under Capital Leases - interest between 7-11%, maturing between 2000 and 2004	1,017,103	915,428
	1,023,345	3,999,925
Current portion	(185,513)	(290,106)
	$ 837,832	$ 3,709,819

Estimated minimum principal repayments over the next five years are expected to be as follows:

2001	2002	2003	2004	2005
$ 185,513	$ 192,753	$ 208,229	$ 225,632	$ 211,218

10. DEFERRED CAPITAL GRANTS

	2000	1999
Balance, beginning of year	$ 106,335,682	$ 95,004,338
Grants received for capital asset purchases	27,648,974	17,079,441
Department of Health accumulated deficit and debt incremental funding (Note 3)	1,069,362	---
To offset assets under capital lease	368,006	---
To fund assets yet to be purchased	3,513,753	240,041
	138,935,777	112,323,820
Amortization of deferred capital grants	(7,471,087)	(5,988,138)
Balance, end of year	$ 131,464,690	$ 106,335,682

11. CONTINGENCIES

No provision has been made in these financial statements for a retirement award liability for staff members who have not confirmed their intention to retire prior to March 31, 2000.

12. COMMITMENTS

a) Leases and Purchase Commitments

The Western Regional Health Board has committed funds from operations for the purchase of film and occupancy and equipment leases. Estimated minimum lease payments and film purchases over the next five years are expected to be as follows:

2001	2002	2003	2004	2005
$ 531,137	$ 229,604	$ 187,858	$ 158,274	$ 158,274

b) Yarmouth Redevelopment Project

The Board has committed to a redevelopment project for the Yarmouth Regional Hospital in the amount of $47.9 million of which its share is 25% ($11.975 million).

Discussions between management, Department of Health, and the Yarmouth Hospital Charitable Foundation regarding arranging required financing for the remaining portion of the project are ongoing.

13. PENSION PLAN

The Western Regional Health Board contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 1996 and showed an unfunded liability for the entire plan of nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at October 31, 1998 and showed an unfunded liability for the entire plan of nil. The Western Regional Health Board bears no financial responsibility for any unfunded liability of either plan.

14. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total 2000	Total 1999
Accounts receivable	$ (6,381,484)	$ (7,476,958)	$ (13,858,442)	$ (2,416,386)
Inventory	(163,388)	---	(163,388)	73,405
Prepaid expenses	752,821	54,668	807,489	(174,860)
Accounts payable and accrued liabilities	1,523,546	742,091	2,265,637	4,596,514
Revenue received in advance	(5,843,855)	---	(5,843,855)	6,724,249
	$ (10,112,360)	$ (6,680,199)	$ (16,792,559)	$ 8,802,922

15. SUBSEQUENT EVENT

On June 8, 2000, Bill 34, The Health Authorities Act, was passed by the Province of Nova Scotia to provide for Community Health Boards and District Health Authorities and respecting Provincial Health Care Centres. This Act provides for the establishment of District Health Authorities to govern and manage the delivery of health services. The Province of Nova Scotia intends to transfer governance from Regional Health Boards to the District Health Authorities on October 1, 2000.

16. COMPARATIVE FIGURES

Certain of the Board's 1999 comparative figures have been reclassified to conform with the financial statement presentation adopted for the 2000 fiscal year.

AUDITORS' REPORT

To the Members of the Board of Directors
Workers' Compensation Board of Nova Scotia

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 1999 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Deloitte & Touche, LLP
Chartered Accountants

Halifax, Nova Scotia
March 10, 2000

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Financial Position
as at December 31, 1999

	1999	1998
ASSETS		
Receivables (Note 3)	$ 7,094,641	$ 6,785,241
Investments (Note 4)	538,525,888	447,358,641
Deferred charges (Note 5)	923,195	---
Property and equipment (Note 6)	10,567,057	8,069,169
Other assets (Note 7)	2,250,000	2,400,000
	$ 559,360,781	$ 464,613,051
LIABILITIES		
Payables and accruals	$ 7,571,405	$ 6,013,670
Deferred revenue (Note 8)	---	4,547,949
Benefits liabilities (Note 9)	890,545,991	823,903,110
	898,117,396	834,464,729
Unfunded liability	(338,756,615)	(369,851,678)
	$ 559,360,781	$ 464,613,051

Commitment (Note 16)
Contingencies (Note 17)

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Operations and Unfunded Liability
Year Ended December 31, 1999

	1999	1998
Revenue		
Assessments (Note 10)	$ 180,379,331	$ 168,532,163
Net investment income	52,760,235	32,652,346
Government contribution (Note 8)	4,600,000	4,600,000
	237,739,566	205,784,509
Claims costs incurred (Note 9)		
Short-term disability	23,358,015	21,376,669
Long-term disability	51,444,564	54,625,839
Survivor benefits	5,831,247	5,194,084
Health care	16,098,360	13,499,833
Rehabilitation	1,586,190	1,406,788
	98,318,376	96,103,213
Growth in present value of benefits liabilities and actuarial adjustments (Note9)	63,118,914	43,731,548
Administration costs (Note 11)	22,640,245	20,146,517
Legislated obligations (Note 12)	5,154,149	4,965,991
	189,231,684	164,947,269
Excess of revenues over expenses before below noted item	48,507,882	40,837,240
Adjustment to benefits liabilities (Note 9)	17,412,819	40,203,000
Excess of revenues over expenses applied to reduce the unfunded liability	31,095,063	634,240
Unfunded liability, beginning of year	(369,851,678)	(370,485,918)
Unfunded liability, end of year	$ (338,756,615)	$ (369,851,678)

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Cash Flows
Year Ended December 31, 1999

	1999	1998
Cash Flow from Operating Activities		
Cash received from:		
Employers, for assessments	$ 178,938,402	$ 166,324,161
Investment income	52,760,235	32,652,346
Government contribution (Note 8)	---	13,747,949
	231,698,637	212,724,456
Cash paid to:		
Claimants or third parties on their behalf	111,704,261	97,082,710
Suppliers, for administrative and other goods and services	23,731,295	21,399,778
	135,435,556	118,482,488
Deferred Charges (Note 5)	923,195	---
	95,339,886	94,241,968
Cash Flow from Investing Activities		
Cash paid for:		
Purchases of equipment	4,172,639	1,344,899
Net increase in cash and investments	91,167,247	92,897,069
Cash and Investments, beginning of year (Note 4)	447,358,641	354,461,572
Cash and Investment, end of year (Note 4)	$ 538,525,888	$ 447,358,641

1. NATURE OF OPERATIONS

The Workers' Compensation Board ("the WCB") was established by the Nova Scotia Legislature in 1917, under the Workers' Compensation Act ("the Act"). The WCB is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new Workers' Compensation Act received Royal Assent on February 6, 1995. The Act contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990, will be compensated according to the worker's level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the Workers' Compensation Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

a) Assessments Receivable

Assessments receivable and assessment revenue includes a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

b) Investments

Fixed-term investments are recorded at amortized cost. Gain or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss, and the write down is included in the income of the year in which it occurs.

c) Property and Equipment

Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period from 5 to 40 years for all assets except computer software. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half year's amortization is taken.

d) Other Assets

Other assets are stated at cost, less accumulated amortization which is charged on a straight-line basis over 25 years.

e) Benefits Liabilities

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents which occurred in the current fiscal year or in any prior year. The Benefits Liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses of administration of existing claims (see also note 17).

3. RECEIVABLES

	1999	1998
Assessments	$ 5,035,937	$ 5,235,460
Self-insured employers	4,850,208	3,207,446
Assessments receivable	9,886,145	8,442,906
Self-insured employers - deposits	(4,001,250)	(4,001,250)
Government of Nova Scotia	527,765	1,164,887
Harmonized Sales Tax rebate	249,396	268,744
Other	432,585	909,954
	$ 7,094,641	$ 6,785,241

Assessments receivable are net of allowance for doubtful accounts of $775,824 in 1999 (1998 - $842,598). Other receivables are net of allowance for doubtful accounts of $66,022 in 1999 (1998 - $68,111).

4. INVESTMENTS

	1999	1998
Cash	$ 5,206,949	$ 2,125,548
Money Market	105,480,613	148,942,296
Fixed term investment (market value 1999 - $174,628,538; 1998 -$138,790,924)	180,927,930	134,834,448
Equities (market value 1999 -$340,748,058; 1998 - $203,017,889)	271,322,648	185,136,426
Accrued interest	3,134,732	3,306,107
	566,072,872	474,344,825
Deferred investment gains	(27,546,984)	(26,986,184)
	$ 538,525,888	$ 447,358,641

5. DEFERRED CHARGES

During 1999, the Workers' Compensation Board entered into a partnership with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry. The WCB invested $923,195 to assist with the startup costs of the NSBR. The WCB will recover its total investment over the next five years through reduced transaction fees associated with accessing the system. At the end of the five-year period, any amounts not recovered through the reduction of transaction fees will be reimbursed to the WCB. The deferred charge will be amortized to expense over the next five years at a rate equivalent to the savings in transaction fees.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 1999	Net Book Value 1998
Land	$ 154,764	$ ---	$ 154,764	$ 154,764
Building	3,201,702	1,132,917	2,068,785	2,077,201
Furniture	823,178	474,517	348,661	316,020
Equipment and computer hardware	3,626,646	2,009,956	1,616,690	1,390,504
Software and process development	11,134,446	4,756,289	6,378,157	4,130,680
	$ 18,940,736	$ 8,373,679	$ 10,567,057	$ 8,069,169

7. OTHER ASSETS

	1999	1998
Cost	$ 3,750,000	$ 3,750,000
Accumulated amortization	(1,500,000)	(1,350,000)
	$ 2,250,000	$ 2,400,000

During 1990, the WCB paid $3,750,000 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

8. GOVERNMENT CONTRIBUTION

In 1995, the Government of Nova Scotia agreed to contribute $23,000,000, to the Accident Fund, payable in five equal instalments of $4,600,000. The instalments were due on April 1 of each year. Interest on deferred contributions accrued at 4.75% and prepayments were discounted at the same rate.

9. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total 1999	Total 1998
Balance, beginning of year. . .	$ 37,956,383	$ 619,758,156	$ 96,336,374	$ 62,863,851	$ 6,988,346	$ 823,903,110	$ 740,181,000
Growth in present value of benefits liabilities	2,087,601	45,862,104	7,128,892	3,143,193	349,417	58,571,207	40,415,037
Actuarial adjustments	2,700,589	(11,005,247)	2,493,795	9,986,311	372,259	4,547,707	3,316,511
	4,788,190	34,856,857	9,622,687	13,129,504	721,676	63,118,914	43,731,548
Claims costs incurred	23,358,015	51,444,564	5,831,247	16,098,360	1,586,190	98,318,376	96,103,213
Claims payments made	(25,956,019)	(47,451,873)	(14,669,930)	(22,171,732)	(1,957,674)	(112,207,228)	(96,315,651)
Adjustments to benefits liabilities	---	(4,300,000)	21,712,819	---	---	17,412,819	40,203,000
Balance, end of year	$ 40,146,569	$ 654,307,704	$ 118,833,197	$ 69,919,983	$ 7,338,538	$ 890,545,991	$ 823,903,110

Adjustment to Benefits Liabilities

On July 10, 1998 the Board of Directors of the WCB issued a policy directive with respect to adjudication of chronic pain related benefits. This followed a Court of Appeal decision rendered on April 17, 1997 which indicated that chronic pain coverage would be expanded for clients whose entitlement to permanent benefits arose after March 23, 1990 and prior to proclamation of the new Workers' Compensation Act on February 1, 1996. The 1998 adjustment amount of $40,203,000 represented the WCB's best estimate of the present value of the benefits payable pursuant to the Court of Appeal decision and the WCB's policy.

Amendments to the Workers' Compensation Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic paid whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

The 1999 adjustment to the benefits liabilities of $17,412,819 combined with the adjustment of $40,203,000 recorded in 1998 represent the WCB's best estimate of the present value of the benefits payable pursuant to these amendments.

10. ASSESSMENTS

	1999	1998
Classes	$ 149,679,867	$ 139,556,221
Self-insured employers	27,917,724	26,388,990
Premium adjustment charge	2,031,420	2,006,050
Assessment and reporting penalties	750,320	580,902
	$ 180,379,331	$ 168,532,163

Assessment revenue is shown net of bad debt expense of $566,128 in 1999 (1998 - $816,043).

11. ADMINISTRATION COSTS

	1999	1998
Salaries and staff expense	$ 15,236,476	$ 13,668,419
Professional fees	1,271,608	1,490,689
Amortization	1,812,518	1,680,629
Supplies	693,180	647,722
Building operations	992,404	956,649
Communications	727,573	698,489
Services contracted	867,302	940,213
Equipment rental	20,722	14,901
Travel and accommodations	563,937	533,779
Training and development	439,252	566,318
Miscellaneous	15,273	10,603
Recovery of pension contributions*	—	(1,061,894)
	$ 22,640,245	$ 20,146,517

*Pursuant to the Financial Measures (1998) Act, which received Royal Assent on December 3, 1998, a pension contribution holiday was declared from April 1, 1997 to March 31, 1999. The above amount represents the recovery of the employer's contributions to December 31, 1998. In accordance with the pension contribution holiday, no contributions were paid into the fund from January 1, 1999 to March 31, 1999.

12. LEGISLATED OBLIGATIONS

	1999	1998
Occupational Health and Safety Division	$ 3,339,535	$ 3,987,843
Workers' Compensation Appeal Tribunal	1,814,614	978,148
	$ 5,154,149	$ 4,965,991

The WCB is required by the Workers' Compensation Act to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Labour. Total operating expenses incurred by the WCB for 1999 were $3,339,535 (1998 - $3,987,843).

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the Workers' Compensation Act to absorb the operating costs of the Appeals Tribunal.

13. SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers- federal and provincial government bodies- who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	1999	1998
Revenue	$ 27,917,724	$ 26,388,990
Claims costs incurred		
Short-term disability	$ 2,463,779	$ 2,420,511
Long-term disability	14,408,973	13,625,559
Survivor benefits	3,516,898	3,310,933
Health care	3,480,383	3,122,213
Rehabilitation	231,633	110,545
	24,101,666	22,589,761
Administration charges	3,816,058	3,799,229
	$ 27,917,724	$ 26,388,990

The benefits liabilities related to self-insured employers has not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

14. RELATED PARTY TRANSACTIONS

Pursuant to various legislative amendments to the Workers' Compensation Act, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered from the consolidated fund on a monthly basis. Total recoveries for 1999 were $1,100,528 (1998 - $1,079,621). Claims payments indicated in Note 9 are shown net of these amounts.

In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 13 for the Province of Nova Scotia are as follows:

	1999	1998
Revenue	$ 2,113,231	$ 2,007,906
Claims costs incurred	1,888,617	1,826,806
Administration charges	224,614	181,100
	$ 2,113,231	$ 2,007,906

Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $4,847,848 in 1999 (1998 - $7,648,354). Total funds invested in notes due from the Province as at December 31, 1999 were $69,000,000 (1998 - $124,000,000).

15. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the following industries to fund a portion of the operating costs of safety and health training programs conducted by the industry. The amounts collected have been disburesed as directed by the Orders-in-Council. As the funds collected on behalf of these Associations are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	Payee	1999	1998
Construction	NS Construction Safety Association	$ 944,090	$ 731,242
Forestry	Forestry Safety Society	296,192	229,870
Retail Gasoline	Retail Gasoline Dealers' Association	30,695	25,486

16. COMMITMENT

The Workers' Compensation Board of Nova Scotia has committed to the following lease payments over the next four years:

2000	$ 749,443
2001	$ 508,208
2002	$ 467,266
2003	$ 147,191

17. CONTINGENCIES

a) Actuarial Assumptions

The WCB's independent actuaries, in their report of March 8, 2000, have emphasized that very little data is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is $367,120,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and magnitude of such a variance are currently undeterminable.

b) Chronic Pain Related Benefits

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the Workers' Compensation Act and Regulations are unconstitutional. The provisions affected by the decisions relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

c) Survivor Benefits

An appeal has been filed with the Supreme Court of Nova Scotia relating to survivor benefits. The appeal concerns retroactive reinstatement of benefits to survivors who remarried prior to 1985 and had their WCB benefits terminated pursuant to the legislation in effect at that time. Retroactive reinstatement of benefits to survivors has the potential to increase the WCB's liabilities by approximately $10.8 million. The probability of such an increase in the liabilities is currently undeterminable.